



# **EMALAHLENI MUNICIPALITY**

## **MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2015/2016 TO 2017/2018**

**ANNUAL FINAL BUDGET OF**  
**EMALAHLENI**  
**MUNICIPALITY**

**2015/16 TO 2017/18**  
**MEDIUM TERM REVENUE AND**  
**EXPENDITURE FORECASTS**

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### Abbreviations and Acronyms

BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipal Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GDP	Gross domestic product	PBO	Public Benefit Organisations
GDS	Gauteng Growth and Development Strategy	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
IDP	Integrated Development Strategy	PTIS	Public Transport Infrastructure System
IT	Information Technology	RG	Restructuring Grant
kℓ	kilolitre	RSC	Regional Services Council
km	kilometre	SALGA	South African Local Government Association
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprises
kWh	kilowatt		
ℓ	litre		
LED	Local Economic Development		
MEC	Member of the Executive Committee		



## Part 1 – Annual Budget

### 1.1 Mayor's Report

**The Speaker, Municipal Manager, Councillors, Officials and members of the community:**

It is my pleasure to be able to submit to you the reviewed Integrated Development Plan for the next five years(2012-2017) as well as the Medium Term Revenue and Expenditure framework (MTREF) for 2015/2016 up 2018 through for the Emalahleni municipal council.

The economic environment in which we as Emalahleni Municipality function is not easy considering our high rate of unemployment and poor revenue base made worse, over the past few years, by the downturn in the economy caused by the world economic recession resulting in such negative economic contributors as sky rocketing fuel and food prices.

In the light of these factors over which we have little or no control we are faced as a municipality with a daunting task and the challenge of

- A huge backlogs in service delivery,
- The socio-economic problems of high unemployment and poverty levels.

And the realisation that solutions to these challenges can potentially be in conflict with or complement each other.

Today I am able to report to you on the progress made in implementing financial controls, processes and procedures resulting in the drafting of a credible IDP and a credible budget linked and driven by our IDP and the national key performance areas of:

- Service delivery
- Financial viability and management
- Local economic development
- Municipal institutional development and transformation.
- Good governance and public participation

We as Council committed ourselves to lead by example in ensuring strict financial oversight and compliance with the guidelines of National Treasury as set out in circular 51- 75 and 66 of the MFMA.

In order to achieve this we as the Council and Executive Committee committed ourselves to providing leadership based on a culture of honesty, ethical business practices and good governance by exercising our oversight responsibility regarding financial and performance reporting as well as adherence to compliance and implementation of internal controls.

Allow me now to highlight areas of focus within our departments

### **Corporate services**

Our organogram has been developed to ensure that it is consistent with the needs of the organisation. In the months ahead we will be implementing the budgeted positions as approved and adopted by Council with this budget.

The effectiveness of the governance systems is being assessed and staff within the institution must work in an integrated and focussed manner driven by the IDP.

We are striving that Emalahleni Municipality becomes an employer of choice that capacitates both the councillors and staff.

We will also be implementing a project to improve the connectivity

### **Community services**

The areas I wish to highlight within the community services department relate to revenue enhancement and solid waste sites.

The development and establishment of a traffic section within Emalahleni municipality has been identified as a source of revenue enhancement coupled to ensuring the safety of our community and to this end we will be starting the process to establish such a department in the new financial year.

The solid waste site and its completion remain a priority and we will continue in the new financial year to access and allocate funds to this critical area within community services.

A number of community halls, sports fields are projects that will be taken up in 2015/16.

We have allocated R21 672 million to capital projects under community services.

### **Economic Development Tourism and Agriculture (EDTA)**

The 5 year IDP which has been developed and is tabled for adoption today is a reflection of community, sectoral and stakeholder input and involvement and will be our guide over the remainder of our term of office.

Local economic development is a crosscutting function which requires the involvement of all within the institution.

The Elithini Coal Mine is temporarily closed, however there has been political engagements with the Provincial Government on the status of the mine. There are other small scale mining activities in a form of sand mining and the brick making. The municipality is in a process of exploring potential growth out of those small scale mining activities through supporting brick makers from Indwe and Dordrecht to supply their bricks and material in housing projects.

We have within the spatial development framework of our IDP focussed on potential areas of growth and despite our limited resources have accessed resources to develop these potential areas of economic growth through led projects.

We plan to utilise our interactions with business forums to assist them to bring together established and emerging businesses to share experience and ideas.



**Infrastructure and Human Settlement**

The focus of MIG funding will be to ensure that projects are identified within EDTA, community and infrastructure to ensure the maximum impact on our community.

The emphasis will be on finalising our road projects and continuing on the electrification of our villages.

An area we will focus on in the new year will be to address the office space of the institution.

**We have allocated R13 193 million toward infrastructure, economic and environmental services**

**Finance**

The process is ongoing to ensure credible data that forms the basis of our financial reporting and to this end we will ensure that the SEBATA system is implemented and used as a management tool.

As a municipality we are grant dependant and to this end it is necessary to continue looking for opportunities to expand the revenue base to reduce our dependence on grant funding and improve our financial viability. Hence one of the projects under financial viability is the data cleansing and revenue enhancement in Lady Frere.

In the new financial year we will look to ward councillors and committees in assisting us with our debt management and will further table to council strategies and plans to improve our current collection and payment rate to up to at least 55 %.

**Budget figures**

The budget we table today projects the following:

**Increases**

The tariff increases on services will be an average of 7%

The electricity increase of 12.2 .0% is currently pending NERSA's approval.

The increase will be tabled to council by 30 June 2015 (if not the 12.2%)

**By-laws and policies**

Council has by- laws and policies in place which will be subjected to continuous reviews so that they remain relevant.



**Income and expenditure****Operating budget**

<b>Total revenue:</b>	<b>R202 197 million</b>
<b>Total expenditure:</b>	<b>R201 002 million</b>
<b>Projected surplus:</b>	<b>R 1 195 million</b>

The implication of this is to alert us to the need for strict budget implementation and control during the financial year.

**Capital budget:**

<b>Grant funding:</b>	<b>R 30 615 million</b>
<b>Own funds:</b>	<b>R 11 900 million</b>
<b>Total capital expenditure:</b>	<b>R 42 515 million</b>

I hereby table the Medium term Revenue and Expenditure Framework for 2016 through 2018 for adoption by the Emalahleni Municipal Council as per the resolutions under the item and budget document.

**CLLR N. NYUKWANA**

**MAYOR**

## 1.2 Council Resolutions

The Council approves and takes the following resolutions for the final annual budget (MTREF) of 2015/16 financial year:

The Council of Emalahleni Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves:

- 1.1. The annual budget of the municipality for the financial year 2015/16 and the multi-year and single-year capital appropriations as set out in the following tables:
  - 1.1.1. Budget Summary reflected in Table A1
  - 1.1.2. Budgeted Financial Performance (revenue and expenditure by standard classification) reflected in Table A2;
  - 1.1.3. Budgeted Financial Performance (revenue and expenditure by municipal vote) reflected in Table A3;
  - 1.1.4. Budgeted Financial Performance (Revenue and Expenditure) reflected in Table A4;
  - 1.1.5. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source reflected in Table A5 as well as individual capital projects reflected under SA36;
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables attached in the budget documentation:
  - 1.2.1. Budgeted Financial Position reflected in Table A6;
  - 1.2.2. Budgeted Cash Flows reflected in Table A7;
  - 1.2.3. Cash backed reserves and accumulated surplus reconciliation reflected in table A8;
  - 1.2.4. Asset management in Table A9; and
  - 1.2.5. Basic service delivery measurement reflected in Table A10.
2. The Council of Emalahleni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts the following tariffs as set out and included in the budget documentation, with effect from 1 July 2015:
  - 2.1. The tariffs for property rates which are increasing on average by 7 % (percent)
    - Residential 0.0082c/R
    - Undeveloped land 0.0082c/R
    - Municipal Buildings/Properties 0c/R
    - Business 0.0124 c/R
    - Government 0.0124 c/R
    - Agriculture 0.0020 c/R
    - Public Service Infrastructure 0c/R
    - Public Benefit Organisations 0.0020 c/R

- 2.2. The tariffs for electricity which on average increasing by 12.2 percent as per NERSA guide can only be approved and implemented after approval by NERSA
- 2.3. The tariffs for solid waste services which are increasing on average by 7 % (percent).
3. The Council of Emalahleni Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2015 the tariffs for other services, which are increasing on average by 6-7 percent, as set out in the attached budget documentation as (**Annexure .....**).
4. Council resolves that the budget related policies reflected and listed below are approved for the budget year 2015/16
- Property Rates policy
  - Budget Policy
  - Tariff policy
  - Indigence Policy
  - Credit control and Debt collection
  - Cash Management and Investments policy
  - Asset and Disposal Management policies
  - Funding and Reserve policy
  - Debt and Borrowing policy
  - Fleet Management policy
  - Virements policy
  - Petty Cash Policy
  - Supply Chain Management policy
5. Council resolves that the filling of the vacant posts as identified by Municipal Manger and tabled to Executive Committee, be approved.
6. To give proper effect to the municipality's annual budget, the Council of Emalahleni Municipality approves:

That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting.



### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The Municipal Budget and Reporting Regulations, as well as various circulars issued by National Treasury, provides the guidance for budget preparation by local government.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. In addition, the municipality during January 2015 proactively embarked on a strategic long-term financial sustainability exercise in order to ensure that this budget, as well as future budgets, is compiled to ensure that services to the community remains at high levels without overburdening the consumers of municipal services with excessive tariffs.

The main items identified by the strategic planning exercise can be summarised as follows:

- Improved service delivery;
- Underdeveloped areas;
- Impoverished communities;
- Co-operative governance;
- Unfunded mandates, core functions service delivery agents;
- Land availability for e.g. economic development;
- Land availability for establishing tip-sites;
- Alternative service delivery options;
- Obtaining a "clean audit" inclusive of performance management;
- Delegation- and procedure manuals;
- Risk management;
- Improved planning and beyond 5 years;
- High crime rate;
- Service delivery backlogs;
- Improved maintenance programs;
- Local economic development facilitation;
- Adequacy of municipal reserves and financial sustainability;
- Curtail electricity losses;
- Tourism initiatives; and
- Improved public participation.

For each of these risk areas the municipality is compiling business plans in order to prioritise expenditure according to the risk ratings. These business plans will all be implemented over the MTREF period according to available funding; however, in the 2015/2016 financial year limited provision was made for the implementation of the business plans.

The Municipality has also embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. The municipality, however, acknowledges that there can never be too much information and involvement in its interaction with the public at large, and for that reason it is still identified as a major risk area.

National Treasury's MFMA Circulars No. 58, 59, 66, 71, 72, 74 and 75 as well as the Strategic Workshops and IDP consultation processes, were mainly used to guide the compilation of the

2015/16 MTREF. Some of the key challenges faced by the municipality when compiling the budget were:

- The ongoing difficulties in the national and local economy;
- Aging roads and electricity infrastructure;
- The need to prioritise projects and expenditure within the existing resource envelope;
- The increased cost of electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects and the resultant operational costs associated with new infrastructure projects; and

The municipality is in a healthy financial position, however, it needs to at least stabilise and further strive to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality. The municipality is striving to establishing a Capital Replacing Reserve to fund future capital projects to help mitigate the over dependence on grants for funding capital projects.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The budget must be spent in full, and all grants should be utilised in full;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:



EC136 Emalahleni (EC) - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Financial Performance</b>										
Property rates	3 401	3 194	3 218	2 034	2 809	2 034	1 913	2 851	3 066	3 325
Service charges	14 513	14 914	21 381	12 650	10 839	12 650	9 843	16 015	17 174	19 283
Investment revenue	2 250	2 862	3 005	2 086	3 086	2 086	2 883	2 186	2 271	2 271
Transfers recognised - operational	72 148	85 415	98 441	108 178	111 385	108 178	108 085	143 753	137 726	140 390
Other own revenue	26 633	29 217	36 260	43 542	44 019	43 542	15 529	6 776	6 027	6 250
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>118 945</b>	<b>135 602</b>	<b>162 305</b>	<b>168 489</b>	<b>172 137</b>	<b>168 489</b>	<b>138 232</b>	<b>171 582</b>	<b>166 263</b>	<b>171 519</b>
Employee costs	39 391	43 685	47 295	61 639	60 799	61 639	38 360	59 207	62 048	62 669
Remuneration of councillors	8 270	9 101	9 812	10 227	10 107	10 227	8 419	10 739	11 255	11 367
Depreciation & asset impairment	20 696	21 451	31 703	23 084	23 084	23 084	19 099	24 503	25 679	25 935
Finance charges	362	642	690	175	175	175	-	730	821	829
Materials and bulk purchases	9 699	11 232	12 851	17 213	17 213	17 213	12 579	18 040	18 906	19 095
Transfers and grants	9 623	14 886	19 462	17 590	21 872	17 590	21 872	28 390	19 661	25 161
Other expenditure	92 425	52 739	74 021	69 525	69 717	69 525	43 093	59 394	58 139	58 720
<b>Total Expenditure</b>	<b>180 467</b>	<b>153 737</b>	<b>195 833</b>	<b>199 455</b>	<b>202 989</b>	<b>199 455</b>	<b>143 423</b>	<b>201 002</b>	<b>198 509</b>	<b>203 777</b>
<b>Surplus/(Deficit)</b>	<b>(61 522)</b>	<b>(18 135)</b>	<b>(33 527)</b>	<b>(30 966)</b>	<b>(30 851)</b>	<b>(30 966)</b>	<b>(5 190)</b>	<b>(29 420)</b>	<b>(30 246)</b>	<b>(32 258)</b>
Transfers recognised - capital	1 425	20 793	28 198	30 970	30 967	30 970	19 682	30 615	31 730	33 404
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(60 097)</b>	<b>2 658</b>	<b>(5 329)</b>	<b>4</b>	<b>136</b>	<b>4</b>	<b>14 491</b>	<b>1 195</b>	<b>1 484</b>	<b>1 146</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(60 097)</b>	<b>2 658</b>	<b>(5 329)</b>	<b>4</b>	<b>136</b>	<b>4</b>	<b>14 491</b>	<b>1 195</b>	<b>1 484</b>	<b>1 146</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>3 592</b>	<b>17 070</b>	<b>37 101</b>	<b>38 223</b>	<b>41 071</b>	<b>38 223</b>	<b>41 071</b>	<b>42 515</b>	<b>36 716</b>	<b>35 589</b>
Transfers recognised - capital	1 425	20 793	28 198	25 917	30 967	25 917	30 967	30 615	31 730	33 404
Public contributions & donations	-	-	1 312	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2 166	(3 723)	7 591	12 306	10 104	12 306	10 104	11 900	4 986	2 185
<b>Total sources of capital funds</b>	<b>3 592</b>	<b>17 070</b>	<b>37 101</b>	<b>38 223</b>	<b>41 071</b>	<b>38 223</b>	<b>41 071</b>	<b>42 515</b>	<b>36 716</b>	<b>35 589</b>
<b>Financial position</b>										
Total current assets	55 893	66 482	68 260	31 345	46 777	31 345	16 964	32 608	24 532	17 565
Total non current assets	393 131	434 523	431 526	445 561	448 706	445 561	417 611	465 646	476 865	486 703
Total current liabilities	16 827	17 575	20 015	16 238	16 238	16 238	13 762	17 143	18 099	19 108
Total non current liabilities	7 332	8 318	9 988	14 341	9 326	14 341	9 524	9 997	10 701	11 416
Community wealth/Equity	424 665	475 112	469 783	446 327	469 919	446 327	482 732	471 114	472 598	473 744
<b>Cash flows</b>										
Net cash from (used) operating	1 262	24 657	35 396	23 089	24 282	10 898	41 115	29 769	28 976	29 003
Net cash from (used) investing	(2 998)	(17 070)	(37 101)	(38 223)	(41 071)	(38 223)	(41 071)	(42 515)	(36 716)	(35 589)
Net cash from (used) financing	785	(536)	(418)	(195)	(306)	(546)	(375)	(5)	(6)	(6)
<b>Cash/cash equivalents at the year end</b>	<b>46 064</b>	<b>53 115</b>	<b>50 993</b>	<b>16 395</b>	<b>33 908</b>	<b>23 123</b>	<b>50 663</b>	<b>21 156</b>	<b>13 410</b>	<b>6 819</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	46 064	53 115	50 993	16 395	34 453	16 395	90 829	21 156	13 410	6 819
Application of cash and investments	11 892	5 320	8 411	(3 128)	(1 870)	(8 091)	103 841	(965)	989	1 911
<b>Balance - surplus (shortfall)</b>	<b>34 173</b>	<b>47 795</b>	<b>42 583</b>	<b>19 521</b>	<b>36 322</b>	<b>24 486</b>	<b>(13 013)</b>	<b>22 121</b>	<b>12 422</b>	<b>4 909</b>
<b>Asset management</b>										
Asset register summary (WDV)	393 131	434 523	431 526	445 561	447 630	445 561	465 646	465 646	476 865	486 703
Depreciation & asset impairment	20 696	21 451	31 703	23 084	23 084	23 084	24 503	24 503	25 679	25 935
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	7 299	8 712	12 548	12 075	12 548	12 386	12 386	12 609	12 735
<b>Free services</b>										
Cost of Free Basic Services provided	677	1 225	4 697	1 058	1 058	1 058	1 700	1 700	1 782	1 799
Revenue cost of free services provided	1 181	1 225	5 223	1 598	1 598	1 598	2 400	2 400	2 515	2 540
<b>Households below minimum service level</b>										
Water:	9	9	9	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	5	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	8	8	8	8	8	8	8	8	8	8

Total operating revenue has decreased by 0.3 per cent for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will decrease by 3.2 and increase by 3.1 per cent respectively. The main reason for the decrease in revenue is a decrease in other revenue. Water and Sanitation were transferred to CHDM.

Total operating expenditure for the 2015/16 financial year has been appropriated at R201 002 million and translates into a budgeted deficit of R29 420 million before capital transfers. When compared to the 2014/15 Adjustments Budget, operational expenditure has decreased by 1.0 per cent in the 2014/15 budget and decreases by 2.3 and increase by 3.6 per cent for each of



the respective outer years of the MTREF. The operating surplus, after capital grant transfers, for the two outer years increases to R1 195 million for the 2015/2016 financial year and then increases to R1 484million and then decreases to R1 146million. The main reason for the decrease in expenditure is the transfer of water and sanitation to CHDM.

The capital budget of R42 515million for 2015/16 will show an increase when compared to the 2014/15 Adjustment Budget. The latter has to do how the municipality has implemented its capital programmes and specifically its MIG allocation in the past. The capital programme further decrease to R36 716million in the 2016/17 financial year and then decrease in 2017/18 to R35 589million.

As indicated above no borrowing for capital projects is planned. The municipality is still well within the limits of its borrowing capacity but will raise very limited loans in the near future in order to curtail possible rising debt servicing costs.

## 1.4 Operating Revenue Framework

For Emalahleni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality will also have to look at to revamp its revenue enhancement strategy. The latter will assist the municipality to identify areas to improve their revenue collection. In the absence of a revenue enhancement strategy, the following information were use to help the municipality's revenue management

- National Treasury's guidelines and macroeconomic policy;
- Limited growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure an improve percentage increase in annual collection rate for property rates and other key service charges. This percentage is low compared to past history, but is being calculated conservatively due to the signs of financial stress currently being experienced;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The inflation forecasts for the MTREF period is on average 4, 8% per annum. The municipality's aim is to not exceed inflation in its annual tariff adjustments but external factors such as the Eskom increases and which are beyond the control of the municipality hampers this goal.

The following table is a summary of the 2015/16MTREF (classified by main revenue source):

<b>Financial Performance</b>										
Property rates	3 401	3 194	3 218	2 034	2 809	2 034	1 913	2 851	3 066	3 325
Service charges	14 513	14 914	21 381	12 650	10 839	12 650	9 843	16 015	17 174	19 283
Investment revenue	2 250	2 882	3 005	2 086	3 086	2 086	2 883	2 186	2 271	2 271
Transfers recognised - operational	72 148	85 415	98 441	108 178	111 385	108 178	108 065	143 753	137 728	140 390
Other own revenue	26 633	29 217	36 260	43 542	44 019	43 542	15 529	6 776	6 027	6 250
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>118 945</b>	<b>135 602</b>	<b>162 305</b>	<b>188 489</b>	<b>172 137</b>	<b>188 489</b>	<b>138 232</b>	<b>171 582</b>	<b>166 263</b>	<b>171 519</b>

The percentage revenue from own sources increases during the budget year. In the two outer years of the MTREF the increases in revenue is fairly consistent, except electricity which is projected to increase by much higher percentages due to the increases allowed by NERSA. The growth in revenue contributions are indicated below (Excluding Capital Transfers). In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.



Description	Ref	2013/14				2015/16 Medium Term Revenue & Expenditure Framework				
R thousand	1	Audited Outcome	Adjusted Budget	% Increase	Budget Year 2015/16	% of Budget	% Increase	Budget Year +1 2016/17	% Increase	Budget Year +2 2017/18
Revenue By Source										
Property rates	2	3 218	2 809	1.5%	2 851	1.66%	7.0%	3 066	7.8%	3 325
Property rates - penalties & collection charges		-	-		-	0.00%		-		-
Service charges - electricity revenue	2	8 048	8 019	40.5%	13 483	7.86%	6.7%	14 446	11.4%	16 314
Service charges - water revenue	2	6 931	-	0.0%	-	0.00%	0.0%	-	0.0%	-
Service charges - sanitation revenue	2	3 707	-	0.0%	-	0.00%	0.0%	-	0.0%	-
Service charges - refuse revenue	2	2 695	2 820	-11.3%	2 533	1.48%	7.1%	2 728	8.1%	2 969
Service charges - other		-	-	0.0%	-	0.00%		-		-
Rental of facilities and equipment		731	704	-11.2%	633	0.37%	4.1%	660	2.3%	675
Interest earned - external investments		3 005	3 086	-41.2%	2 186	1.27%	3.7%	2 271	0.0%	2 271
Interest earned - outstanding debtors		7 834	2 558	4.6%	2 681	1.56%	6.5%	2 868	6.5%	3 066
Dividends received		-	-	0.0%	-	0.00%	0.0%	-	0.0%	-
Fines		115	113	4.6%	119	0.07%	3.7%	123	0.0%	123
Licences and permits		383	498	0.0%	1 532	0.89%	0.0%	542	0.0%	542
Agency services		61	1 236	8.1%	1 345	0.78%	0.0%	1 345	0.0%	1 345
Transfers recognised - operational		98 441	111 385	22.5%	143 753	83.78%	-4.4%	137 726	1.9%	140 390
Other revenue	2	27 135	38 910	-8230.9%	467	0.27%	4.4%	488	2.0%	498
Gains on disposal of PPE		-	-	0.0%	-	0.00%		-		-
Total Revenue (excluding capital transfers and contributions)		162 305	172 137	-0.3%	171 582		-3.2%	166 263	3.1%	171 519
Expenditure By Type										
Employee related costs	2	47 295	60 799	-2.7%	59 207	29.46%	4.6%	62 048	1.0%	62 669
Remuneration of councillors		9 812	10 107	5.9%	10 739	5.34%	4.6%	11 255	1.0%	11 367
Debt impairment	3	19 245	1 071	17.6%	1 300	0.65%	4.6%	1 362	1.0%	1 376
Depreciation & asset impairment	2	31 703	23 084	5.8%	24 503	12.19%	4.6%	25 679	1.0%	25 935
Finance charges		690	175	76.0%	730	0.36%	11.1%	821	1.0%	829
Bulk purchases	2	12 851	17 213	4.6%	18 040	8.97%	4.6%	18 906	1.0%	19 095
Other materials	8	-	-	0.0%	-	0.00%	0.0%	-	0.0%	-
Contracted services		3 994	4 062	0.0%	4 327	2.15%	0.0%	4 535	0.0%	4 580
Transfers and grants		19 462	21 872	23.0%	28 390	14.12%	-44.4%	19 661	21.9%	25 161
Other expenditure	4, 5	42 363	64 585	-20.1%	53 767	26.75%	-2.9%	52 242	1.0%	52 764
Loss on disposal of PPE		8 419	-	0.0%	-	0.00%		-		-
Total Expenditure		195 833	202 969	-1.0%	201 002		-2.3%	196 509	3.6%	203 777
Surplus/(Deficit)										
		(33 527)	(30 831)	-4.8%	(29 420)		2.7%	(30 246)	6.2%	(32 258)
Transfers recognised - capital		28 198	30 967	-1.2%	30 615		3.5%	31 730	5.0%	33 404
Contributions recognised - capital	6	-	-		-			-		-
Contributed assets		-	-		-			-		-
Surplus/(Deficit) after capital transfers & contributions		(5 329)	136	88.6%	1 195		19.5%	1 484	-29.6%	1 146

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality, but operating grants forms the major funding source.

This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. **Details in this regard are contained below:**



EC136 Emalahleni (EC) - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		3 905	3 194	3 218	2 575	3 350	2 575	1 913	3 551	3 800	4 066
less Revenue Foregone		504			541	541	541		700	734	741
Net Property Rates		3 401	3 194	3 218	2 034	2 809	2 034	1 913	2 851	3 066	3 325
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		5 596	6 425	8 078	8 116	8 716	8 116	7 312	14 383	15 390	17 267
less Revenue Foregone		517	762	30	697	697	697		900	943	953
Net Service charges - electricity revenue		5 079	5 662	8 048	7 419	8 019	7 419	7 312	13 483	14 446	16 314
Service charges - water revenue	6										
Total Service charges - water revenue		3 093	2 896	7 080	2 916		2 916	8			
less Revenue Foregone			1	148	873		873				
Net Service charges - water revenue		3 093	2 895	6 931	2 042	-	2 042	8	-	-	-
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		3 814	3 931	4 108	3 327		3 327	15			
less Revenue Foregone		93	321	402	2 959		2 959				
Net Service charges - sanitation revenue		3 721	3 610	3 707	369	-	369	15	-	-	-
Service charges - refuse revenue	6										
Total refuse removal revenue		2 686	2 888	3 014	3 180	3 180	3 180	2 790	3 333	3 566	3 816
Total landfill revenue		-	-	-	-	-	-	-	-	-	-
less Revenue Foregone		66	141	319	361	360	361	281	800	838	847
Net Service charges - refuse revenue		2 620	2 747	2 695	2 820	2 820	2 820	2 508	2 533	2 728	2 969
Other Revenue by source											
Other Revenue		20 017	21 434	27 135	35 992	38 910	35 992	10 390	467	488	498
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Total 'Other' Revenue	1	20 017	21 434	27 135	35 992	38 910	35 992	10 390	467	488	498

Tariffs for indigent households are set out below:

1	Rates free of charge to the value based on market value of his property to the maximum of R60 000
2	50 kWh free electricity per month
3	Free refuse x 4 removal per month

Operating grants and transfers totals R143 753million in the 2015/16 financial year and decreases to R140 390million by 2017/18. Operating grants usually fluctuates upwards or downwards from year-to-year, as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependant on the funding available from the other spheres of Government. The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis. The contribution for Councillors Allowances also increased significantly for the budget year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

EC136 Emalahleni (EC) - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		67 826	82 270	94 165	107 143	108 143	107 143	142 953	136 926	139 590
Local Government Equitable Share		61 056	69 797	78 749	92 038	92 038	92 038	116 537	117 289	114 454
Finance Management		1 500	1 379	1 650	1 800	1 800	1 800	1 875	2 010	2 345
Municipal Systems Improvement		790	736	890	934	934	934	930	957	1 033
Integrated National Electrification Programme		4 480	9 000	10 996	10 000	11 000	10 000	21 000	15 000	20 000
EPWP Incentive		-	1 358	1 000	1 217	1 217	1 217	1 000	-	-
Municipal Infrastructure Grant (MIG) PMU		-	-	880	1 154	1 154	1 154	1 611	1 670	1 758
Provincial Government:		2 189	441	831	932	2 704	932	800	800	800
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		2 189	441	831	932	2 704	932	800	800	800
District Municipality:		-	2 705	3 446	103	538	103	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	2 705	3 446	103	538	103	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	70 015	85 415	98 441	108 178	111 385	108 178	143 753	137 726	140 390

Revenue from capital transfers is indicated below is growing steadily from R30 615million in 2016 to R33 404million in 2018 over the MTREF period.



Capital Transfers and Grants									
National Government:		19 217	20 793	28 198	30 970	30 537	30 970	30 615	31 730
		—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
Municipal Infrastructure Grant (MIG)		19 217	20 793	28 198	30 970	30 537	30 970	30 615	31 730
Provincial Government:		—	—	—	—	430	—	—	—
Other capital transfers/grants (insert description)		—	—	—	—	430	—	—	—
District Municipality: (insert description)		—	—	—	—	—	—	—	—
Other grant providers: (insert description)		—	—	—	—	—	—	—	—
Total Capital Transfers and Grants		5	19 217	20 793	28 198	30 967	30 970	30 615	31 730
TOTAL RECEIPTS OF TRANSFERS & GRANTS			89 232	106 208	126 640	139 148	139 148	174 368	169 466

Total revenue per municipal vote, including capital transfers, is listed below:

EC136 Emalahleni (EC) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote											
Vote 1 - Executive and Council	1		600	238	5 492	6 312	6 312	6 312	6 140	6 422	6 708
Vote 2 - Budget and Treasury			70 681	79 046	77 343	95 817	97 844	95 817	119 570	120 587	118 218
Vote 3 - Corporate Services			90	84	0	23	23	23	1	1	1
Vote 4 - Community and Social Services			5 032	5 528	6 280	5 766	8 269	5 766	5 474	5 798	6 159
Vote 5 - IPED			1 578	2 362	2 884	115	243	115	5	5	5
Vote 6 - Infrastructure and Human Settlement			42 388	66 392	90 086	91 426	90 414	91 426	71 007	65 180	73 832
Vote 15 -			-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2		120 370	153 651	182 085	199 459	203 105	199 459	202 197	197 993	204 922
Expenditure by Vote to be appropriated											
Vote 1 - Executive and Council	1		20 604	20 610	24 341	28 973	28 362	28 973	34 389	36 040	36 400
Vote 2 - Budget and Treasury			14 198	16 073	21 046	23 443	24 414	23 443	28 521	28 555	29 222
Vote 3 - Corporate Services			9 752	12 727	13 683	18 959	18 919	18 959	18 382	19 265	19 457
Vote 4 - Community and Social Services			19 948	14 511	25 388	18 906	22 300	18 906	23 453	23 159	23 391
Vote 5 - IPED			5 143	8 095	8 081	10 057	9 740	10 057	6 514	6 145	6 207
Vote 6 - Infrastructure and Human Settlement			110 820	78 977	94 875	99 116	99 234	99 116	89 743	83 345	89 100
Vote 15 -			-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2		180 467	150 993	187 414	199 455	202 969	199 455	201 002	196 509	203 777
Surplus/(Deficit) for the year	2		(60 097)	2 658	(5 329)	4	136	4	1 195	1 484	1 146

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 4.8 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by an external agency, the impact it has on the municipality's electricity tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently but there are always situations where there are defaults on payment. The contribution for bad debt is increasing from R1 071 million in 2014/15 to R1 300 million in 2015/16 financial year.



It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### 1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R60 000;
- The limit for indigent households is twice the amount of government social pensions.

The municipality investigates a tariff structure consistent with operational requirements but also to ensure that the ratepayers are not over-burdened.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2015/16 financial year based on a general 7 per cent increase from 1 July 2015.

		ASSESSMENT RATES		1.07
		2014/2015	2015/2016	
<b>Ratios</b>				
Undeveloped land	1.0	0.0077	0.0082	
Institutional	0.0	0.0000	0.0000	
Residential	1.0	0.0077	0.0082	
Business	1.5	0.0116	0.0124	
Government	1.5	0.0116	0.0124	
Agricultural	0.25	0.0019	0.0020	
Public service infrastructure	0.00	0.0000	0.0000	
Public benefit organisation	0.25	0.0019	0.0020	
<b>FINANCIAL YEARS</b>		<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>
Property Rates Tariff all areas (residential)		0.0077	0.0082	0.0088

#### 1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 12.20 per cent increase in the Eskom bulk electricity was given by NERSA. However, NERSA has indicated a

6% to 8% tariff increase to municipalities will be effective from 1 July 2015.

Considering the Eskom increases, the consumer tariff had to be increased by 12.20% per cent to offset the additional bulk purchase cost from 1 July 2015. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. Registered indigents will again be granted 50 kWh per 30-day period free of charge.

#### **ELECTRICITY TARIFFS & CHARGES (Excl VAT)**

Standard interest + 1.00% would be charged on all late payments

Implementation subject to NER approval

Tariffs are applicable throughout Emalahleni Municipality unless indicated otherwise

2015 2016 Proposed tariffs									
Tariff number		Prepaid/Conventional	Phases	KWh	Current approved tariffs	New Inclining Block Tariffs (Proposed 2015/2016)			
						0 - 50 KWh	51 - 350 KWh	351 - 600 KWh	>600 KWh
Household									
1	Indigent	Prepaid	1	R 0.74	R 0.83	1.04	1.37	1.62	
2	Domestic	Prepaid	1	R 0.74	R 0.83	1.04	1.41	1.66	
3	Domestic	Conventional	1	R 0.74	R 0.83	1.04	1.41	1.66	
4	Domestic	Prepaid	3	R 0.98	R 1.10	1.20	1.45	1.66	
5	Domestic	Conventional	3	R 0.98	R 1.10	1.20	1.45	1.66	
Commercial					Current approved tariffs	Current approved tariffs KVA	New tariff KWh 12.20%	New tariff KVA	
5	Commercial	Conventional	1	R 1.14			R 1.28		
6	Commercial	Conventional	3	R 1.14			R 1.28		
7	Small Commercial	Prepaid	1	R 1.52			R 1.71		
8	Small Commercial	Prepaid	3	R 1.55			R 1.74		
9	Large Commercial Demand		KVA	R 0.67	R 159.06	R 0.75	R 178.47		
10	Large Commercial Demand		KVA	R 0.75	R 185.09	R 0.84	R 207.67		
11	Water/Sanitation Demand		Demand	R 0.90	R 100.00	R 1.01	R 112.20		
12	Water/Sanitation		KWH	1&3	1.14		R 1.28		
13	Departmental/Street	Conventional	1&3	1.00			R 1.12		

Proposed increase of 12.20% is based on the guideline increase by NERSA

Proposed increase of 12.20% is based on the guideline increase by NERSA

Electricity is regarded as a trading account which should make a profit, although NERSA monitors and limits this profit to about 10% if possible. The municipality does not make a profit on electricity and must implement ways of achieving a profit, without overburdening the consumers with exorbitant tariffs. The municipality needs to establish the causes for electricity losses. The loss on the electricity service over the MTREF is 13,7 percent for 2015/2016 and 13,9 percent and 14,1 percent for the outer years

Electricity line losses should be continuously monitored as it can represent a significant financial loss for the municipality. In general electricity line losses of 10% are being regarded as "acceptable" in the industry and Emalahleni Municipality is well above that norm.

#### **Comparison between current electricity charges and increases**

It should further be noted that NERSA has advised that a stepped tariff structure must be used. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality should comply with this requirement.



### 1.4.3 Waste Removal and Impact of Tariff Increases

The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main cost drivers for this section are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. In addition, the cost of new landfill sites, the effect of depreciation and rehabilitation on these landfill sites all plays an important role as cost drivers. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation should be incorporated into the next planning cycle.

Higher increases than inflation will not be viable in 2015/16 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would not only be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt, but also, although on a small scale, not assisting the national government in reaching the CPIX target of between 3 and 6 percent.

The following table compares current and proposed amounts payable from 1 July 2015:

#### Comparison between current waste removal fees and increases

REFUSE REMOVAL				
			1.07	
FINANCIAL YEARS		2014-2015	2015-2016	2016-2017
Tariffs exclude VAT				
<b>Domestic Consumers:</b>				
Basic/Availability Charge per month				
<b>Domestic Consumers: All Areas</b>		65.93	70.55	75.48
<b>Commercial Consumers:</b>				
Basic/Availability Charge per month				
<b>Commercial Consumers: All Areas</b>		131.85	141.08	150.96
<b>Government Consumers:</b>				
Basic/Availability Charge per month				
<b>Government Consumers: All Areas</b>		329.32	352.37	377.04
<b>Indigents:</b>				
<b>Indigents: Indigent Consumers all areas</b>		65.93	70.55	74.43
Indigent subsidy		100%	100%	100%
Effective Charge		0.00	0.00	0.00
Special Refuse collection		241.16	258.04	276.10
Collection of Garden Refuse		241.16	258.04	276.10
Special Refuse collection - Government and Commercial		286.58	306.64	323.51
Tree- cutting inside yard :		2 723.81	2914.48	3118.49
Rubble per load/building remains		278.84	298.36	319.24



#### 1.4.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on different households. The National Treasury adjusted the way comparatives are being calculated and for that reason current tariffs are unfortunately not included.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to about 10.1%, excluding the electricity adjustments.

EC136 Emalahleni (EC) - Supporting Table SA14 Household bills

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		356.20	396.67	420.00	445.96	445.96	445.96	7.3%	478.33	507.03	537.46
Electricity: Basic levy		91.09	1.09	54.50	-	-	-	-	-	-	-
Electricity: Consumption		1 020.50	1 024.70	1 090.00	740.00	740.00	740.00	12.2%	830.00	879.80	932.59
Water: Basic levy		46.98	37.02	39.24	-	-	-	-	-	-	-
Water: Consumption		131.10	117.60	432.30	-	-	-	-	-	-	-
Sanitation		53.37	68.75	72.88	-	-	-	-	-	-	-
Refuse removal		70.89	62.55	65.93	66.30	66.30	66.30	6.4%	70.55	74.78	79.27
Other											
sub-total		1 770.13	1 708.38	2 174.85	1 252.26	1 252.26	1 252.26	10.1%	1 378.88	1 461.62	1 549.31
VAT on Services		173.64	161.09	215.51	99.02	99.02	99.02	2.3%	110.59	117.23	124.26
Total large household bill:		1 943.77	1 869.46	2 390.36	1 351.28	1 351.28	1 351.28	10.2%	1 489.48	1 578.85	1 673.58
% increase/-decrease			(3.8%)	27.9%	(43.5%)	-	-	10.2%	6.0%	6.0%	6.0%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		252.20	283.33	300.00	318.54	318.54	318.54	7.3%	341.67	362.17	383.90
Electricity: Basic levy		91.09	81.00	54.50	-	-	-	-	-	-	-
Electricity: Consumption		425.50	512.35	545.00	370.00	370.00	370.00	12.2%	415.00	439.90	466.29
Water: Basic levy		46.98	34.93	37.02	-	-	-	-	-	-	-
Water: Consumption		109.25	98.00	360.25	-	-	-	-	-	-	-
Sanitation		53.37	65.23	68.75	-	-	-	-	-	-	-
Refuse removal		70.89	59.35	62.55	66.30	66.30	66.30	6.4%	70.55	74.78	79.27
Other											
sub-total		1 049.28	1 134.19	1 428.07	754.84	754.84	754.84	9.6%	827.22	876.85	929.48
VAT on Services		97.89	104.49	138.53	53.58	53.58	53.58	2.3%	59.63	63.21	67.00
Total small household bill:		1 147.17	1 238.68	1 566.60	808.42	808.42	808.42	9.7%	886.85	940.06	996.48
% increase/-decrease			8.0%	26.5%	(48.4%)	-	-	9.7%	6.0%	6.0%	6.0%
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates		148.20	170.00	180.00	181.57	181.57	181.57	12.9%	205.00	217.30	230.34
Electricity: Basic levy		91.09	81.00	270.00	-	-	-	-	-	-	-
Electricity: Consumption		271.00	358.65	381.50	259.00	259.00	259.00	12.2%	290.50	307.93	326.41
Water: Basic levy		29.88	34.93	37.02	-	-	-	-	-	-	-
Water: Consumption		73.60	78.40	201.74	-	-	-	-	-	-	-
Sanitation		53.37	65.23	68.75	-	-	-	-	-	-	-
Refuse removal		70.89	59.35	62.55	66.30	66.30	66.30	6.4%	70.55	74.78	79.27
Other											
sub-total		738.03	847.56	1 201.56	506.87	506.87	506.87	11.7%	566.05	600.01	636.01
VAT on Services		72.44	83.21	125.45	39.95	39.95	39.95	2.3%	44.34	47.00	49.82
Total small household bill:		810.47	930.76	1 327.01	546.82	546.82	546.82	11.6%	610.39	647.01	685.83
% increase/-decrease			14.8%	42.6%	(58.8%)	-	-	11.6%	6.0%	6.0%	6.0%

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- Guidance provided by National Treasury in Circulars 58, 59, 66, 71, 72, 74 and 75;
  - Balanced budget constraint (operating expenditure should not exceed operating Revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit; Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Limitation on tariff increases.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):



EC136 Emalahleni (EC) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
<b>Revenue By Source</b>											
Property rates	2	3 401	3 194	3 218	2 034	2 809	2 034	1 913	2 851	3 066	3 325
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	5 079	5 662	8 048	7 419	8 019	7 419	7 312	13 483	14 446	16 314
Service charges - water revenue	2	3 093	2 895	6 931	2 042	-	2 042	8	-	-	-
Service charges - sanitation revenue	2	3 721	3 610	3 707	369	-	369	15	-	-	-
Service charges - refuse revenue	2	2 620	2 747	2 695	2 820	2 820	2 820	2 508	2 533	2 728	2 969
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		703	897	731	604	704	604	419	633	660	675
Interest earned - external investments		2 250	2 662	3 005	2 086	3 086	2 086	2 883	2 186	2 271	2 271
Interest earned - outstanding debtors		5 611	6 439	7 834	5 098	2 558	5 098	4 110	2 681	2 808	3 066
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines	1	1	1	115	113	113	113	98	119	123	123
Licences and permits	5	-	353	383	498	498	498	411	1 532	542	542
Agency services		296	93	61	1 236	1 236	1 236	102	1 345	1 345	1 345
Transfers recognised - operational		72 148	85 415	98 441	108 178	111 385	108 178	108 065	143 753	137 726	140 390
Other revenue	2	20 017	21 434	27 135	35 992	38 910	35 992	10 390	467	488	498
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>118 945</b>	<b>135 602</b>	<b>162 305</b>	<b>168 489</b>	<b>172 137</b>	<b>168 489</b>	<b>138 232</b>	<b>171 582</b>	<b>166 263</b>	<b>171 519</b>
<b>Expenditure By Type</b>											
Employee related costs	2	39 391	43 685	47 295	61 639	60 799	61 639	38 360	59 207	62 048	62 669
Remuneration of councillors		8 270	9 101	9 812	10 227	10 107	10 227	8 419	10 739	11 255	11 367
Debt impairment	3	45 237	9 539	19 245	3 251	1 071	3 251	893	1 300	1 362	1 376
Depreciation & asset impairment	2	20 696	21 451	31 703	23 084	23 084	23 084	19 099	24 503	25 679	25 935
Finance charges		362	642	690	175	175	175	-	730	821	829
Bulk purchases	2	9 699	11 232	12 851	17 213	17 213	17 213	12 579	18 040	18 906	19 095
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		1 523	2 713	3 994	4 162	4 062	4 162	4 350	4 327	4 535	4 580
Transfers and grants		9 623	14 886	19 462	17 590	21 872	17 590	21 872	28 390	19 661	25 161
Other expenditure	4, 5	45 665	37 743	42 363	62 112	64 585	62 112	37 851	53 767	52 242	52 764
Loss on disposal of PPE		-	2 744	8 419	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>180 467</b>	<b>153 737</b>	<b>195 833</b>	<b>199 455</b>	<b>202 969</b>	<b>199 455</b>	<b>143 423</b>	<b>201 002</b>	<b>196 509</b>	<b>203 777</b>
<b>Surplus/(Deficit)</b>		<b>(61 522)</b>	<b>(18 135)</b>	<b>(33 527)</b>	<b>(30 966)</b>	<b>(30 831)</b>	<b>(30 966)</b>	<b>(5 190)</b>	<b>(29 420)</b>	<b>(30 246)</b>	<b>(32 258)</b>
Transfers recognised - capital		1 425	20 793	28 198	30 970	30 967	30 970	19 682	30 615	31 730	33 404
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(60 097)</b>	<b>2 658</b>	<b>(5 329)</b>	<b>4</b>	<b>136</b>	<b>4</b>	<b>14 491</b>	<b>1 195</b>	<b>1 484</b>	<b>1 146</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>(60 097)</b>	<b>2 658</b>	<b>(5 329)</b>	<b>4</b>	<b>136</b>	<b>4</b>	<b>14 491</b>	<b>1 195</b>	<b>1 484</b>	<b>1 146</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(60 097)</b>	<b>2 658</b>	<b>(5 329)</b>	<b>4</b>	<b>136</b>	<b>4</b>	<b>14 491</b>	<b>1 195</b>	<b>1 484</b>	<b>1 146</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>(60 097)</b>	<b>2 658</b>	<b>(5 329)</b>	<b>4</b>	<b>136</b>	<b>4</b>	<b>14 491</b>	<b>1 195</b>	<b>1 484</b>	<b>1 146</b>

The budgeted allocation for employee related costs for the 2015/16 financial year totals R59 207 million, which equals 29.5 per cent of the total operating expenditure. This percentage remains to 31.6 and 30.8 per cent in the outer years of the MTREF period. Should electricity bulk purchases and depreciation be excluded, in order to compare it with other municipalities on a more equal basis, the costs represent 37.4 per cent of the expenditure and remain to 40.8 and 39.5 per cent in the outer years. Based on the guidance provided by National Treasury in Circular 58 and in the absence on a new collective agreement on increases, salary increases have been factored into this budget at a percentage increase of 10 per cent (including the notch increases of 2.5 %) for the 2015/16 financial year. An annual increase of 4.8 and 3.9 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.



The provision of debt impairment was determined based on an annual collection rate of 20 per cent and the Debt Write-off Policy of the Municipality. For the 2015/16 financial year this amount equates to R1 300million and escalates to R1 376 million by 2017/18. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R24 503 million for the 2015/16 financial and equates to 12.2 per cent of the total operating expenditure. In order to measure it against other municipalities, if electricity bulk purchases are eliminated, it represents 15.5 per cent of the expenditure. The average for local municipalities in recent research is 11,76 per cent, and this small difference indicating that expected useful lives and depreciation rates are realistic.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Electricity bulk purchases represent 9 per cent of expenditure and increase to 9.6 per cent and 9.4 per cent in the outer years. If depreciation is excluded, the percentage is 11.4 per cent for the budget year and increasing to 12.4 per cent and 12 per cent in the outer years.

National Treasury is introducing a new Chart of Accounts and additional expenditure line-items in the budget. One of these line-items is "Other materials". Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. This group of expenditure has been identified in order to measure sustainability of the Municipality's infrastructure. The municipality's financial systems are, however, not yet ready to implement this change and will be addressed in future budgets.

## **Main operational expenditure categories for the 2015/16 financial year**

### **1.5.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset management policy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, National Treasury requires municipalities to adapt their costing systems to reflect these costs as Repairs and Maintenance. The municipality financial systems, as yet, cannot provide for this request and it will be implemented in future budgets.

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, the municipality identified this, together with other strategic items, as priority to be investigated and changes to be incorporated into the next budget, if not already to the 2015/2016 Adjustments Budget. The table below provides a breakdown of the repairs and maintenance in relation to asset class:



EC136 Emalahleni (EC) - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure			–	5 226	4 980	6 115	5 026	6 115	8 128	8 518	8 603
Infrastructure - Road transport			–	1 106	1 190	1 439	880	1 439	4 118	4 316	4 359
Roads, Pavements & Bridges			–	883	940	1 130	630	1 130	3 725	3 904	3 943
Storm water			–	223	250	309	250	309	393	412	416
Infrastructure - Electricity			–	647	1 056	1 363	833	1 383	4 009	4 202	4 244
Generation			–	–	–	–	–	–	–	–	–
Transmission & Reticulation			–	315	226	333	333	333	1 098	1 150	1 162
Street Lighting			–	332	830	1 030	500	1 030	2 912	3 051	3 082
Infrastructure - Water			–	2 386	2 702	2 945	2 945	2 945	–	–	–
Dams & Reservoirs			–	–	–	–	–	–	–	–	–
Water purification			–	–	–	–	–	–	–	–	–
Reticulation			–	2 386	2 702	2 945	2 945	2 945	–	–	–
Infrastructure - Sanitation			–	1 086	32	368	368	368	–	–	–
Reticulation			–	1 086	32	368	368	368	–	–	–
Sewerage purification			–	–	–	–	–	–	–	–	–
Infrastructure - Other			–	–	–	–	–	–	–	–	–
Waste Management			–	–	–	–	–	–	–	–	–
Transportation		2	–	–	–	–	–	–	–	–	–
Gas			–	–	–	–	–	–	–	–	–
Other		3	–	–	–	–	–	–	–	–	–
Community			–	86	110	547	465	547	100	105	106
Parks & gardens			–	–	13	34	3	34	–	–	–
Sportsfields & stadia			–	4	–	41	41	41	100	105	106
Swimming pools			–	–	–	–	–	–	–	–	–
Community halls			–	–	–	–	–	–	–	–	–
Libraries			–	–	–	–	–	–	–	–	–
Recreational facilities			–	1	–	–	–	–	–	–	–
Fire, safety & emergency			–	–	–	–	–	–	–	–	–
Security and policing			–	–	–	–	–	–	–	–	–
Buses		7	–	–	–	–	–	–	–	–	–
Clinics			–	–	–	–	–	–	–	–	–
Museums & Art Galleries			–	–	–	103	–	103	–	–	–
Cemeteries			–	82	97	368	421	368	–	–	–
Social rental housing		8	–	–	–	–	–	–	–	–	–
Other			–	–	–	–	–	–	–	–	–
Heritage assets			–	–	–	–	–	–	–	–	–
Buildings			–	–	–	–	–	–	–	–	–
Other		9	–	–	–	–	–	–	–	–	–
Investment properties			–	–	–	–	–	–	–	–	–
Housing development			–	–	–	–	–	–	–	–	–
Other			–	–	–	–	–	–	–	–	–
Other assets			–	1 987	3 622	5 886	6 584	5 886	4 159	3 987	4 027
General vehicles			–	1 042	772	939	1 557	939	2 422	2 538	2 584
Specialised vehicles			–	–	–	–	–	–	–	–	–
Plant & equipment			–	127	2 483	3 433	3 536	3 433	1 097	779	786
Computers - hardware/equipment			–	2	–	12	12	12	–	–	–
Furniture and other office equipment			–	78	95	120	95	120	56	59	59
Abattoirs			–	–	–	–	–	–	–	–	–
Markets			–	–	–	–	–	–	–	–	–
Civic Land and Buildings			–	737	272	1 383	1 383	1 383	583	611	617
Other Buildings			–	–	–	–	–	–	–	–	–
Other Land			–	–	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)			–	–	–	–	–	–	–	–	–
Other			–	–	–	–	–	–	–	–	–
Agricultural assets			–	–	–	–	–	–	–	–	–
List sub-class			–	–	–	–	–	–	–	–	–
Biological assets			–	–	–	–	–	–	–	–	–
List sub-class			–	–	–	–	–	–	–	–	–
Intangibles			–	–	–	–	–	–	–	–	–
Computers - software & programming			–	–	–	–	–	–	–	–	–
Other (list sub-class)			–	–	–	–	–	–	–	–	–
Total Repairs and Maintenance Expenditure		1	–	7 299	8 712	12 548	12 075	12 548	12 386	12 609	12 735

**Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register all indigent households during the 2015/16 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained below. (Note that Water and Sanitation were transferred to CHDM from 1 July 2014)

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilising the municipality's unconditional equitable share, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. The Transfer of grants as a result of free basic services totals R2 400million in the budget year of 2015/16 and increasing to R2 515 million and R2 540 million in the outer years.



## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

EC136 Emalahleni (EC) - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	6 437	11 753	21 924	19 706	21 924	19 706	18 922	-	-
Vote 5 - IPED		-	-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure and Human Settlement		-	7 816	12 710	3 319	8 181	3 319	8 181	11 693	28 929	13 046
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	-	14 254	24 463	25 243	27 887	25 243	27 887	30 615	28 929	13 046
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Executive and Council		312	439	809	4 210	4 325	4 210	4 325	2 210	270	270
Vote 2 - Budget and Treasury		260	672	1 648	1 160	1 512	1 160	1 512	260	290	290
Vote 3 - Corporate Services		534	159	133	370	458	370	458	900	1 240	1 240
Vote 4 - Community and Social Services		493	1 154	682	4 830	5 908	4 830	5 908	2 750	3 354	1 240
Vote 5 - IPED		38	135	1 597	2 290	860	2 290	860	4 280	2 493	1 863
Vote 6 - Infrastructure and Human Settlement		1 955	258	7 770	120	120	120	120	1 500	140	17 640
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		3 592	2 817	12 638	12 980	13 183	12 980	13 183	11 900	7 787	22 543
<b>Total Capital Expenditure - Vote</b>		3 592	17 070	37 101	38 223	41 071	38 223	41 071	42 515	36 716	35 589
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		1 106	1 269	2 590	5 740	6 295	5 740	6 295	3 370	1 800	1 800
Executive and council		312	439	809	4 210	4 325	4 210	4 325	2 210	270	270
Budget and treasury office		260	672	1 648	1 160	1 512	1 160	1 512	260	290	290
Corporate services		534	159	133	370	458	370	458	900	1 240	1 240
<b>Community and public safety</b>		493	7 844	8 465	19 700	22 655	19 700	22 655	10 999	3 354	1 240
Community and social services		493	7 591	2 857	11 273	13 939	11 273	13 939	7 383	3 354	1 240
Sport and recreation		-	-	4 333	4 397	4 397	4 397	4 397	3 000	-	-
Public safety		-	253	1 275	4 030	4 319	4 030	4 319	616	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		1 993	7 951	22 077	5 729	9 161	5 729	9 161	17 273	27 062	23 494
Planning and development		38	135	1 597	2 290	860	2 290	860	4 280	2 493	1 863
Road transport		1 955	7 816	20 480	3 439	8 301	3 439	8 301	12 993	24 569	21 631
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	5	3 970	7 054	2 960	7 054	2 960	10 874	4 500	9 055
Electricity		-	-	-	-	-	-	-	-	4 500	9 055
Water		-	5	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	3 970	7 054	2 960	7 054	2 960	10 874	-	-
Other		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	3 592	17 070	37 101	38 223	41 071	38 223	41 071	42 515	36 716	35 589
<b>Funded by:</b>											
National Government		1 425	20 793	28 198	25 917	30 537	25 917	30 537	30 615	31 730	33 404
Provincial Government		-	-	-	-	430	-	430	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	1 425	20 793	28 198	25 917	30 967	25 917	30 967	30 615	31 730	33 404
<b>Public contributions &amp; donations</b>	<b>5</b>	-	-	1 312	-	-	-	-	-	-	-
<b>Borrowing</b>	<b>6</b>	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		2 166	(3 723)	7 591	12 306	10 104	12 306	10 104	11 900	4 986	2 185
<b>Total Capital Funding</b>	<b>7</b>	3 592	17 070	37 101	38 223	41 071	38 223	41 071	42 515	36 716	35 589

The following table provides more information on the breakdown of the capital budget and the related maintenance of assets.

EC136 Emalahleni (EC) - Supporting Table SA34a Capital expenditure on new assets by asset class

EC 150 Enchainement (EC) - Supporting Table SA34a Capital expenditure on new assets by asset class											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure	2	1 492	7 749	15 733	4 869	8 181	4 869	12 893	28 929	30 546	
Infrastructure - Road transport		1 492	7 749	14 541	3 319	8 181	3 319	12 893	24 429	21 491	
Roads, Pavements & Bridges		1 492	7 749	14 541	3 319	8 181	3 319	12 893	24 429	21 491	
Storm water		-	-	-	-	-	-	-	-	-	
Infrastructure - Electricity		-	-	-	-	-	-	-	4 500	9 055	
Generation		-	-	-	-	-	-	-	-	-	
Transmission & Reticulation		-	-	-	-	-	-	-	-	-	
Street Lighting		-	-	-	-	-	-	-	4 500	9 055	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	
Dams & Reservoirs		-	-	-	-	-	-	-	-	-	
Water purification		-	-	-	-	-	-	-	-	-	
Reticulation		-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	
Reticulation		-	-	-	-	-	-	-	-	-	
Sewerage purification		-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	-	1 192	1 550	-	1 550	-	-	-	
Waste Management		-	-	-	-	-	-	-	-	-	
Transportation		-	-	-	-	-	-	-	-	-	
Gas		-	-	-	-	-	-	-	-	-	
Other		3	-	-	1 192	1 550	-	1 550	-	-	-
Community		7	-	5 864	6 924	15 490	18 086	15 490	9 383	3 214	1 100
Parks & gardens			-	-	281	-	49	-	900	3 214	1 100
Sportsfields & stadia			-	4 902	4 333	4 397	4 397	4 397	3 000	-	-
Swimming pools			-	-	-	-	-	-	-	-	-
Community halls			-	-	1 244	8 443	10 990	8 443	4 632	-	-
Libraries			-	-	-	-	-	-	-	-	-
Recreational facilities			-	54	-	-	-	-	-	-	-
Fire, safety & emergency	-		-	-	-	-	-	-	-	-	
Security and policing	-		-	-	-	-	-	-	-	-	
Buses	-		-	-	-	-	-	-	-	-	
Clinics	-		-	-	-	-	-	-	-	-	
Museums & Art Galleries	-		-	-	-	-	-	-	-	-	
Cemeteries	-		907	135	2 650	2 650	2 650	650	-	-	
Social rental housing	8		-	-	-	-	-	-	-	-	
Other	-		-	931	-	-	-	300	-	-	
Heritage assets	9	-	-	-	-	70	-	-	-	-	
Buildings		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	70	-	-	-	-	
Investment properties	10	-	-	-	-	-	-	-	-	-	
Housing development		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Other assets	10	2 100	3 331	14 444	17 864	14 734	17 864	20 240	4 573	3 943	
General vehicles		1 220	256	1 112	2 900	1 160	2 900	3 800	1 100	1 100	
Specialised vehicles		-	-	-	-	2 600	-	-	-	-	
Plant & equipment		34	260	6 135	480	484	480	500	1 194	-	
Computers - hardware/equipment		727	516	592	750	908	750	480	625	625	
Furniture and other office equipment		118	321	444	420	793	420	330	400	400	
Abattoirs		-	-	-	-	-	-	-	-	-	
Markets		-	1 379	-	-	-	-	-	-	-	
Civic Land and Buildings		-	599	6 161	13 084	8 419	13 084	13 730	60	60	
Other Buildings		-	-	-	-	-	-	-	-	-	
Other Land		-	-	-	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	
Other		-	-	-	250	370	250	1 400	1 194	1 758	
Agricultural assets	11	-	-	-	-	-	-	-	-	-	
List sub-class		-	-	-	-	-	-	-	-	-	
Biological assets	12	-	-	-	-	-	-	-	-	-	
List sub-class		-	-	-	-	-	-	-	-	-	
Intangibles	13	-	126	-	-	-	-	-	-	-	
Computers - software & programming		-	126	-	-	-	-	-	-	-	
Other (list sub-class)		-	-	-	-	-	-	-	-	-	
Total Capital Expenditure on new assets	1	3 592	17 070	37 101	38 223	41 071	38 223	42 515	36 716	35 589	



### 1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 6 MBRR SA35 on page 91. This table shows that future operational costs associated with the capital programme totals R42 515 million in 2015/16 and escalates to R36.7 million by 2016/17. This concomitant operational expenditure is expected to escalate to R35.6 million by 2017/18. It needs to be noted that as part of the 2015/16 MTREF, this expenditure has been factored into the two outer years of the operational budget.

EC136 Emalahleni (EC) - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2015/16 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Present value
<b>Capital expenditure</b>	1							
Vote 1 - Executive and Council		2 210	270	270				
Vote 2 - Budget and Treasury		260	290	290				
Vote 3 - Corporate Services		900	1 240	1 240				
Vote 4 - Community and Social Services		21 672	3 354	1 240				
Vote 5 - IPED		4 280	2 493	1 863				
Vote 6 - Infrastructure and Human Settlement		13 193	29 069	30 686				
Vote 15 -		-	-	-				
List entity summary if applicable								
<b>Total Capital Expenditure</b>		<b>42 515</b>	<b>36 716</b>	<b>35 589</b>	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - Executive and Council								
Vote 2 - Budget and Treasury								
Vote 3 - Corporate Services								
Vote 4 - Community and Social Services								
Vote 5 - IPED								
Vote 6 - Infrastructure and Human Settlement								
Vote 15 -								
List entity summary if applicable								
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
List other revenues sources if applicable								
List entity summary if applicable								
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		<b>42 515</b>	<b>36 716</b>	<b>35 589</b>	-	-	-	-

# 1.7 Annual Budget Tables

(The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.)



EC136 Emalahleni (EC) - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	3 401	3 194	3 218	2 034	2 809	2 034	1 913	2 851	3 066	3 325
Service charges	14 513	14 914	21 381	12 650	10 839	12 650	9 843	16 015	17 174	19 283
Investment revenue	2 250	2 862	3 005	2 086	3 086	2 086	2 883	2 186	2 271	2 271
Transfers recognised - operational	72 148	85 415	98 441	108 178	111 385	108 178	108 065	143 753	137 726	140 390
Other own revenue	26 633	29 217	36 260	43 542	44 019	43 542	15 529	6 776	6 027	6 250
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>118 945</b>	<b>135 602</b>	<b>162 305</b>	<b>168 489</b>	<b>172 137</b>	<b>168 489</b>	<b>138 232</b>	<b>171 582</b>	<b>166 263</b>	<b>171 519</b>
Employee costs	39 391	43 685	47 295	61 639	60 799	61 639	38 360	59 207	62 048	62 669
Remuneration of councillors	8 270	9 101	9 812	10 227	10 107	10 227	8 419	10 739	11 255	11 367
Depreciation & asset impairment	20 696	21 451	31 703	23 084	23 084	23 084	19 099	24 503	25 679	25 935
Finance charges	362	642	690	175	175	175	-	730	821	829
Materials and bulk purchases	9 699	11 232	12 851	17 213	17 213	17 213	12 579	18 040	18 906	19 095
Transfers and grants	9 823	14 886	19 462	17 590	21 872	17 590	21 872	28 390	19 661	25 161
Other expenditure	92 425	52 739	74 021	69 525	69 717	69 525	43 093	59 394	58 139	58 720
<b>Total Expenditure</b>	<b>180 467</b>	<b>153 737</b>	<b>195 833</b>	<b>199 455</b>	<b>202 969</b>	<b>199 455</b>	<b>143 423</b>	<b>201 002</b>	<b>196 509</b>	<b>203 777</b>
<b>Surplus/(Deficit)</b>	<b>(61 522)</b>	<b>(18 135)</b>	<b>(33 527)</b>	<b>(30 966)</b>	<b>(30 831)</b>	<b>(30 966)</b>	<b>(5 190)</b>	<b>(29 420)</b>	<b>(30 246)</b>	<b>(32 258)</b>
Transfers recognised - capital	1 425	20 793	28 198	30 970	30 967	30 970	19 682	30 815	31 730	33 404
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(60 097)</b>	<b>2 658</b>	<b>(5 329)</b>	<b>4</b>	<b>136</b>	<b>4</b>	<b>14 491</b>	<b>1 195</b>	<b>1 484</b>	<b>1 146</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(60 097)</b>	<b>2 658</b>	<b>(5 329)</b>	<b>4</b>	<b>136</b>	<b>4</b>	<b>14 491</b>	<b>1 195</b>	<b>1 484</b>	<b>1 146</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>3 592</b>	<b>17 070</b>	<b>37 101</b>	<b>38 223</b>	<b>41 071</b>	<b>38 223</b>	<b>41 071</b>	<b>42 515</b>	<b>36 716</b>	<b>35 589</b>
Transfers recognised - capital	1 425	20 793	28 198	25 917	30 967	25 917	30 967	30 815	31 730	33 404
Public contributions & donations	-	-	1 312	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2 166	(3 723)	7 591	12 306	10 104	12 306	10 104	11 900	4 986	2 185
<b>Total sources of capital funds</b>	<b>3 592</b>	<b>17 070</b>	<b>37 101</b>	<b>38 223</b>	<b>41 071</b>	<b>38 223</b>	<b>41 071</b>	<b>42 515</b>	<b>36 716</b>	<b>35 589</b>
<b>Financial position</b>										
Total current assets	55 693	66 482	68 260	31 345	46 777	31 345	16 984	32 608	24 532	17 585
Total non current assets	393 131	434 523	431 526	445 561	448 708	445 561	417 611	465 646	476 865	486 703
Total current liabilities	16 827	17 575	20 015	16 238	16 238	16 238	13 762	17 143	18 099	19 108
Total non current liabilities	7 332	8 318	9 988	14 341	9 326	14 341	9 524	9 997	10 701	11 416
Community wealth/Equity	424 665	475 112	469 783	446 327	469 919	446 327	482 732	471 114	472 598	473 744
<b>Cash flows</b>										
Net cash from (used) operating	1 262	24 657	35 396	23 089	24 292	10 898	41 115	29 769	28 976	29 003
Net cash from (used) investing	(2 998)	(17 070)	(37 101)	(38 223)	(41 071)	(38 223)	(41 071)	(42 515)	(36 716)	(35 589)
Net cash from (used) financing	785	(538)	(416)	(195)	(306)	(548)	(375)	(5)	(6)	(6)
<b>Cash/cash equivalents at the year end</b>	<b>46 064</b>	<b>53 115</b>	<b>50 993</b>	<b>16 395</b>	<b>33 908</b>	<b>23 123</b>	<b>50 663</b>	<b>21 156</b>	<b>13 410</b>	<b>6 819</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	46 064	53 115	50 993	16 395	34 453	16 395	90 829	21 156	13 410	6 819
Application of cash and investments	11 892	5 320	8 411	(3 126)	(1 870)	(8 091)	103 841	(965)	989	1 911
<b>Balance - surplus (shortfall)</b>	<b>34 173</b>	<b>47 795</b>	<b>42 583</b>	<b>19 521</b>	<b>36 322</b>	<b>24 486</b>	<b>(13 013)</b>	<b>22 121</b>	<b>12 422</b>	<b>4 909</b>
<b>Asset management</b>										
Asset register summary (WDV)	393 131	434 523	431 526	445 561	447 630	445 561	465 646	465 646	476 865	486 703
Depreciation & asset impairment	20 696	21 451	31 703	23 084	23 084	23 084	24 503	24 503	25 679	25 935
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	7 299	8 712	12 548	12 075	12 548	12 388	12 388	12 609	12 735
<b>Free services</b>										
Cost of Free Basic Services provided	677	1 225	4 697	1 058	1 058	1 058	1 700	1 700	1 782	1 799
Revenue cost of free services provided	1 181	1 225	5 223	1 598	1 598	1 598	2 400	2 400	2 515	2 540
<b>Households below minimum service level</b>										
Water:	9	9	9	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	5	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	8	8	8	8	8	8	8	8	8	8

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reform emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
- The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - Capital expenditure is balanced by capital funding sources, of which
    - Transfers recognised is reflected on the Financial Performance Budget;
    - There is no provision for any borrowing in the cash flows;
    - Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was paying much attention to managing this aspect of its finances, and consequently all of its obligations are cash-backed.
5. Significant assistance is being given to the indigent households.

EC136 Emalahleni (EC) - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue - Standard</b>	<b>1</b>									
<i>Governance and administration</i>		71 372	82 112	91 254	102 152	104 179	102 152	125 711	127 010	124 926
Executive and council		600	238	5 492	6 312	6 312	6 312	6 140	6 422	6 708
Budget and treasury office		70 681	81 790	85 762	95 817	97 844	95 817	119 570	120 587	118 218
Corporate services		90	84	0	23	23	23	1	1	1
<i>Community and public safety</i>		1 673	1 080	1 469	1 755	2 457	1 755	1 693	1 738	1 767
Community and social services		1 061	997	1 421	1 410	2 112	1 410	1 331	1 353	1 357
Sport and recreation		4	3	-	-	-	-	-	-	-
Public safety		608	80	12	278	278	278	291	312	334
Housing		-	-	37	67	67	67	70	74	77
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		3 823	25 000	35 174	35 189	34 884	35 189	36 227	35 416	37 179
Planning and development		1 578	2 362	2 884	115	243	115	5	5	5
Road transport		2 245	22 638	32 290	35 074	34 641	35 074	36 221	35 411	37 174
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		43 502	48 016	62 378	60 166	61 388	60 166	38 360	33 613	40 822
Electricity		9 915	14 824	19 273	22 971	24 571	22 971	34 424	29 384	36 247
Water		24 246	19 496	29 266	25 776	24 716	25 776	-	-	-
Waste water management		5 373	9 353	9 209	7 260	6 141	7 260	-	-	-
Waste management		3 967	4 343	4 630	4 159	5 960	4 159	3 936	4 229	4 575
Other	4	-	186	228	197	197	197	207	217	227
<b>Total Revenue - Standard</b>	<b>2</b>	<b>120 370</b>	<b>156 394</b>	<b>190 504</b>	<b>199 459</b>	<b>203 105</b>	<b>199 459</b>	<b>202 197</b>	<b>197 993</b>	<b>204 922</b>
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		44 555	52 154	67 488	71 376	71 698	71 376	81 292	83 659	85 079
Executive and council		20 604	20 610	24 341	28 973	28 362	28 973	34 389	36 040	36 400
Budget and treasury office		14 198	18 816	29 464	23 443	24 414	23 443	28 521	28 555	29 222
Corporate services		9 752	12 727	13 683	18 959	18 919	18 959	18 382	19 265	19 457
<i>Community and public safety</i>		9 615	21 020	21 995	15 830	17 119	15 830	20 387	20 676	20 883
Community and social services		6 540	7 652	18 583	11 230	13 057	11 230	14 557	14 568	14 711
Sport and recreation		855	865	667	1 041	1 041	1 041	1 153	1 209	1 221
Public safety		563	11 005	1 543	1 748	1 211	1 748	3 757	3 938	3 977
Housing		1 556	1 498	1 201	1 810	1 810	1 810	920	964	974
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		37 068	34 210	35 739	43 928	45 446	43 928	50 161	48 190	48 743
Planning and development		5 143	8 095	8 081	10 057	9 740	10 057	6 514	6 145	6 207
Road transport		31 925	26 116	27 658	33 871	35 706	33 871	43 647	42 045	42 537
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		89 229	46 009	70 228	67 855	68 217	67 855	48 716	43 316	48 599
Electricity		15 091	9 920	23 202	28 650	29 650	28 650	41 419	36 399	41 613
Water		34 072	21 097	29 409	25 776	24 716	25 776	-	-	-
Waste water management		27 613	9 341	11 862	7 260	6 141	7 260	-	-	-
Waste management		12 453	5 650	5 755	6 169	7 711	6 169	7 297	6 917	6 986
Other	4	-	344	382	466	491	466	446	468	472
<b>Total Expenditure - Standard</b>	<b>3</b>	<b>180 487</b>	<b>153 737</b>	<b>195 633</b>	<b>199 455</b>	<b>202 969</b>	<b>199 455</b>	<b>201 002</b>	<b>198 509</b>	<b>203 777</b>
<b>Surplus/(Deficit) for the year</b>		<b>(60 097)</b>	<b>2 658</b>	<b>(5 329)</b>	<b>4</b>	<b>136</b>	<b>4</b>	<b>1 195</b>	<b>1 484</b>	<b>1 146</b>



Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for any of the trading services. As already noted above, the municipality will be undertaking a detailed study of these functions to explore ways of improving efficiencies and provide a basis for re-evaluating these functions' tariff structures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

EC136 Emalahleni (EC) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote		1									
Vote 1 - Executive and Council			600	238	5 492	6 312	6 312	6 312	6 140	6 422	6 708
1.1 - Council			480	238	5 376	6 199	6 199	6 199	6 140	6 422	6 708
1.2 - Management			120	–	115	113	113	113	(0)	(0)	(0)
Vote 2 - Budget and Treasury			70 681	79 046	77 343	95 817	97 844	95 817	119 570	120 587	118 218
2.1 - Financial Services			66 498	74 649	72 722	92 741	93 992	92 741	115 627	116 353	113 643
2.2 - Rates			4 183	4 397	4 621	3 076	3 851	3 076	3 943	4 234	4 575
Vote 3 - Corporate Services			90	84	0	23	23	23	1	1	1
3.1 - Human Resources			90	84	0	23	23	23	1	1	1
Vote 4 - Community and Social Services			5 032	5 528	6 280	5 766	8 269	5 766	5 474	5 798	6 159
4.1 - Administration Buildings			273	–	0	0	0	0	0	0	0
4.2 - Commonage & Pounds			405	640	481	394	494	394	413	429	429
4.3 - Community & Social Services			58	–	–	–	–	–	–	–	–
4.4 - Parks & Open Spaces			–	–	–	–	–	–	–	–	–
4.5 - Cemeteries			29	35	130	137	137	137	36	37	37
4.6 - Community & Town Hall			64	69	81	77	77	77	81	85	89
4.7 - Libraries			2	254	729	802	1 403	802	802	802	802
4.8 - Sports & Recreation			4	3	–	–	–	–	–	–	–
4.9 - Tourism Resorts & Caravan Parks			231	186	228	197	197	197	207	217	227
4.10 - Refuse Cleansing Services			3 967	4 343	4 630	4 159	5 960	4 159	3 936	4 229	4 575
Vote 5 - IPED			1 578	2 362	2 884	115	243	115	5	5	5
5.1 - Intergration Planning & Development (IPED)			1 578	2 362	2 884	115	243	115	5	5	5
Vote 6 - Infrastructure and Human Settlement			42 388	66 392	90 086	91 426	90 414	91 426	71 007	65 180	73 832
6.1 - Sewerage & Sanitation			5 373	9 353	9 209	7 260	6 141	7 260	–	–	–
6.2 - Licensing & Registration			316	427	380	1 712	1 712	1 712	2 973	1 988	1 988
6.3 - Roadworks & Stormwater			1 868	22 151	31 885	33 341	32 908	33 341	33 226	33 400	35 162
6.4 - Technical Administration			62	60	25	21	21	21	22	23	24
6.5 - Water Services			24 246	19 496	29 266	25 776	24 716	25 776	–	–	–
6.6 - Street Lights			608	80	12	278	278	278	291	312	334
6.7 - Electricity Tradiings			9 915	14 824	19 273	22 971	24 571	22 971	34 424	29 384	36 247
6.8 - Housing			–	–	37	67	67	67	70	74	77
Total Revenue by Vote		2	120 370	153 651	182 085	199 459	203 105	199 459	202 197	197 993	204 922

EC136 Emalahleni (EC) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Expenditure by Vote</b>										
Vote 1 - Executive and Council	1	20 604	20 610	24 341	28 973	28 362	28 973	34 389	36 040	36 400
1.1 - Council		14 541	15 071	16 235	19 922	19 914	19 922	21 361	22 387	22 611
1.2 - Management		6 063	5 538	8 106	9 051	8 448	9 051	13 027	13 653	13 789
Vote 2 - Budget and Treasury		14 198	16 073	21 046	23 443	24 414	23 443	28 521	28 555	29 222
2.1 - Financial Services		12 168	14 336	20 150	22 372	23 343	22 372	27 221	27 192	27 846
2.2 - Rates		2 030	1 737	896	1 071	1 071	1 071	1 300	1 362	1 376
Vote 3 - Corporate Services		9 752	12 727	13 683	18 959	18 919	18 959	18 382	19 265	19 457
3.1 - Human Resources		9 752	12 727	13 683	18 959	18 919	18 959	18 382	19 265	19 457
Vote 4 - Community and Social Services		19 948	14 511	25 388	18 906	22 300	18 906	23 453	23 159	23 391
4.1 - Administration Buildings		1 997	1 974	1 484	2 099	1 431	2 099	1 286	1 348	1 361
4.2 - Commonage & Pounds		810	842	908	1 200	1 201	1 200	1 349	1 414	1 428
4.3 - Community & Social Services		1 726	3 058	13 931	4 686	6 125	4 686	8 410	8 495	8 580
4.4 - Parks & Open Spaces		310	312	305	534	797	534	249	261	264
4.5 - Cemeteries		289	419	436	1 262	1 262	1 262	476	499	503
4.6 - Community & Town Hall		860	734	805	842	908	842	1 986	1 709	1 727
4.7 - Libraries		346	313	714	607	1 333	607	802	840	848
4.8 - Sports & Recreation		855	865	667	1 041	1 041	1 041	1 153	1 209	1 221
4.9 - Tourism Resorts & Caravan Parks		303	344	382	466	491	466	446	468	472
4.10 - Refuse Cleansing Services		12 453	5 650	5 755	6 169	7 711	6 169	7 297	6 917	6 986
Vote 5 - IPED		5 143	8 095	8 081	10 057	9 740	10 057	6 514	6 145	6 207
5.1 - Intergration Planning & Development (IPED)		5 143	8 095	8 081	10 057	9 740	10 057	6 514	6 145	6 207
Vote 6 - Infrastructure and Human Settlement		110 820	78 977	94 875	99 116	99 234	99 116	89 743	83 345	89 100
6.1 - Sewerage & Sanitation		27 613	9 341	11 862	7 260	6 141	7 260	-	-	-
6.2 - Licensing & Registration		28	-	-	-	-	-	610	-	-
6.3 - Roadworks & Stormwater		29 732	24 117	25 471	32 255	33 967	32 255	40 375	39 255	39 719
6.4 - Technical Administration		2 165	1 998	2 187	1 616	1 739	1 616	2 662	2 790	2 818
6.5 - Water Services		34 072	21 097	29 409	25 776	24 716	25 776	-	-	-
6.6 - Street Lights		563	11 005	1 543	1 748	1 211	1 748	3 757	3 938	3 977
6.7 - Electricity Trappings		15 091	9 920	23 202	28 650	29 650	28 650	41 419	36 399	41 613
6.8 - Housing		1 556	1 498	1 201	1 810	1 810	1 810	920	964	974
Total Expenditure by Vote	2	180 467	150 993	187 414	199 455	202 969	199 455	201 002	196 509	203 777
Surplus/(Deficit) for the year	2	(60 097)	2 658	(5 329)	4	136	4	1 195	1 484	1 146

### Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This table is the main driver of management- responsibility and performance in terms of the operating budget and also the benchmark against which any unauthorised expenditure will be measured.



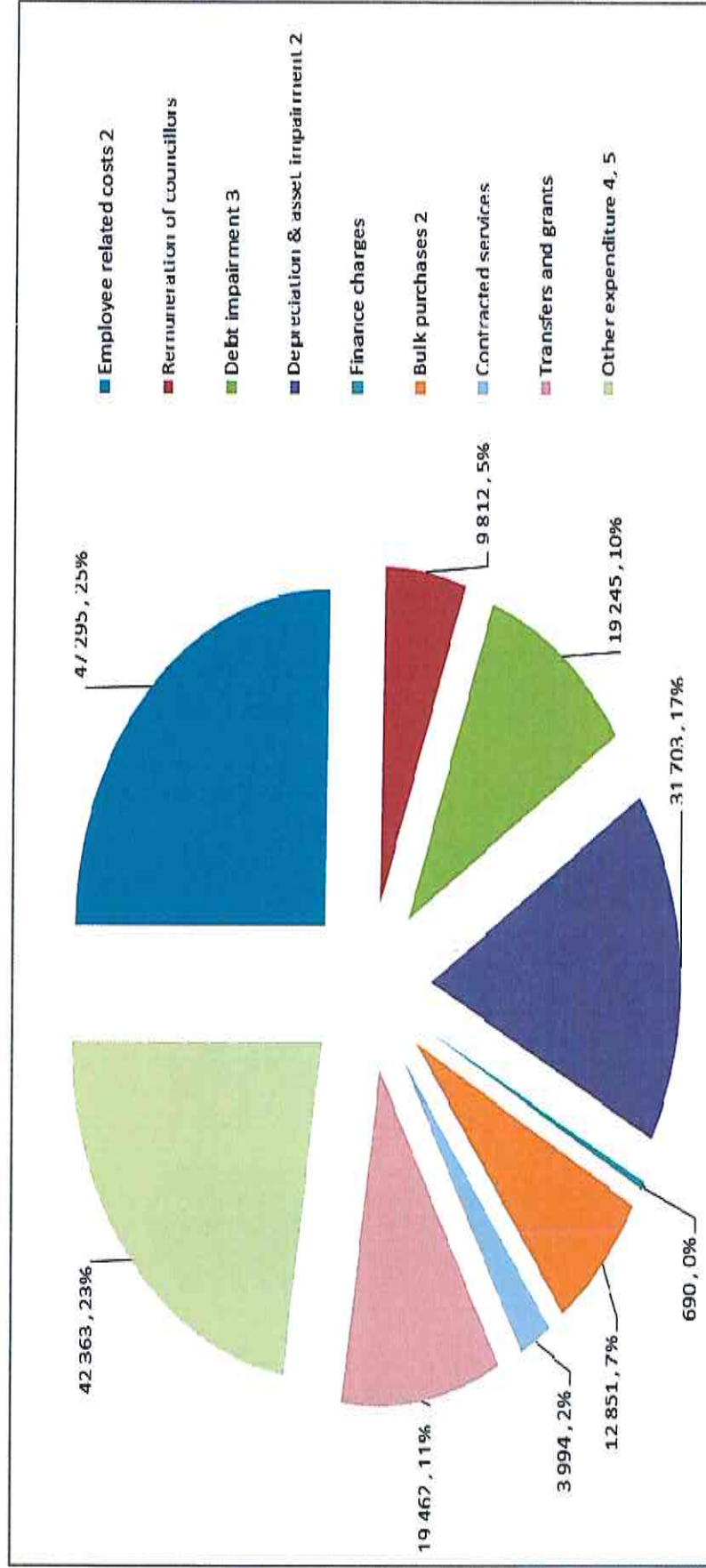
EC136 Emalahleni (EC) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source												
Property rates	2		3 401	3 194	3 218	2 034	2 809	2 034	1 913	2 851	3 066	3 325
Property rates - penalties & collection charges			-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2		5 079	5 662	8 048	7 419	8 019	7 419	7 312	13 483	14 446	16 313
Service charges - water revenue	2		3 093	2 895	6 931	2 042	-	2 042	8	-	-	-
Service charges - sanitation revenue	2		3 721	3 610	3 707	369	-	369	15	-	-	-
Service charges - refuse revenue	2		2 620	2 747	2 695	2 820	2 820	2 820	2 508	2 533	2 728	2 969
Service charges - other			-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			703	897	731	604	704	604	419	633	660	675
Interest earned - external investments			2 250	2 862	3 005	2 086	3 086	2 086	2 883	2 186	2 271	2 271
Interest earned - outstanding debtors			5 611	6 439	7 834	5 098	2 558	5 098	4 110	2 681	2 868	3 066
Dividends received			-	-	-	-	-	-	-	-	-	-
Fines	1		1	1	115	113	113	113	98	119	123	123
Licences and permits	5		353	383	498	498	498	498	411	1 532	542	542
Agency services			296	93	61	1 236	1 236	1 236	102	1 345	1 345	1 345
Transfers recognised - operational			72 148	85 415	98 441	108 178	111 385	108 178	108 065	143 753	137 726	140 390
Other revenue	2		20 017	21 434	27 135	35 992	38 910	35 992	10 390	467	488	498
Gains on disposal of PPE			-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			118 945	135 602	162 305	168 489	172 137	168 489	138 232	171 582	166 263	171 519
Expenditure By Type												
Employee related costs	2		39 391	43 685	47 295	61 639	60 799	61 639	38 360	59 207	62 048	62 669
Remuneration of councillors			8 270	9 101	9 812	10 227	10 107	10 227	8 419	10 739	11 255	11 367
Debt impairment	3		45 237	9 539	19 245	3 251	1 071	3 251	893	1 300	1 362	1 376
Depreciation & asset impairment	2		20 696	21 451	31 703	23 084	23 084	23 084	19 099	24 503	25 679	25 935
Finance charges			362	642	690	175	175	175	-	730	821	829
Bulk purchases	2		9 699	11 232	12 851	17 213	17 213	17 213	12 579	18 040	18 906	19 095
Other materials	8		-	-	-	-	-	-	-	-	-	-
Contracted services			1 523	2 713	3 994	4 162	4 062	4 162	4 350	4 327	4 535	4 580
Transfers and grants			9 623	14 886	19 462	17 590	21 872	17 590	21 872	28 390	19 661	25 161
Other expenditure	4, 5		45 665	37 743	42 363	62 112	64 585	62 112	37 851	53 767	52 242	52 764
Loss on disposal of PPE			-	2 744	8 419	-	-	-	-	-	-	-
Total Expenditure			180 467	153 737	195 833	199 455	202 969	199 455	143 423	201 002	196 509	203 777
Surplus/(Deficit)			(61 522)	(18 135)	(33 527)	(30 966)	(30 831)	(30 966)	(5 190)	(29 420)	(30 246)	(32 258)
Transfers recognised - capital			1 425	20 793	28 198	30 970	30 967	30 970	19 682	30 815	31 730	33 404
Contributions recognised - capital	6		-	-	-	-	-	-	-	-	-	-
Contributed assets			-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			(60 097)	2 658	(5 329)	4	136	4	14 491	1 195	1 484	1 146
Taxation			-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation			(60 097)	2 658	(5 329)	4	136	4	14 491	1 195	1 484	1 146
Attributable to minorities			-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality			(60 097)	2 658	(5 329)	4	136	4	14 491	1 195	1 484	1 146
Share of surplus/ (deficit) of associate	7		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year			(60 097)	2 658	(5 329)	4	136	4	14 491	1 195	1 484	1 146

## Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue, excluding capital transfers, is R171 582million in 2015/16 and escalates to R171 519 million by 2017/18. This represents a year-on-year decrease of 0.3 per cent for the 2015/16 and year-on-year decreases of 3.2 per cent for the 2016/17financial year and 3.1per cent for the 2017/18 financial year.
2. Revenue to be generated from property rates is R2 851million in the 2015/16 financial year and increases to R3 325 million by 2017/18 which represents only 1.7 per cent of the operating revenue base (excluding capital transfers) of the Municipality and therefore does not remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 7per cent, 6 per cent and 6 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipalitytotalling R16 015million for the 2015/16 financial year and increasing to R19 283million by 2017/18. For the 2015/16 financial year services charges amount to 9.3 per cent of the total revenue base and stays relatively constant over the MTREF period.

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. Transfers are fluctuating according to grants provided for by the respective governments.
5. The following graph illustrates the major expenditure items per type.



#### Expenditure by major type

6. Bulk purchases have significantly increased over the 2011/12 to 2015/16 period escalating from R9 699million to R18 040million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
7. Employee related costs, depreciation, operating grant expenditure and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.



**BRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

EC136 Emalahleni (EC) - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	6 437	11 753	21 924	19 706	21 924	19 706	18 922	-	-
Vote 5 - IPED		-	-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure and Human Settlement		-	7 816	12 710	3 319	8 181	3 319	8 181	11 693	28 929	13 046
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	-	14 254	24 463	25 243	27 887	25 243	27 887	30 615	28 929	13 046
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Executive and Council		312	439	809	4 210	4 325	4 210	4 325	2 210	270	270
Vote 2 - Budget and Treasury		260	672	1 648	1 160	1 512	1 160	1 512	260	290	290
Vote 3 - Corporate Services		534	159	133	370	458	370	458	900	1 240	1 240
Vote 4 - Community and Social Services		493	1 154	682	4 830	5 908	4 830	5 908	2 750	3 354	1 240
Vote 5 - IPED		38	135	1 597	2 290	860	2 290	860	4 280	2 493	1 863
Vote 6 - Infrastructure and Human Settlement		1 955	258	7 770	120	120	120	120	1 500	140	17 640
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		3 592	2 817	12 638	12 980	13 183	12 980	13 183	11 900	7 787	22 543
<b>Total Capital Expenditure - Vote</b>		3 592	17 070	37 101	38 223	41 071	38 223	41 071	42 515	36 716	35 589
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		1 106	1 269	2 590	5 740	6 295	5 740	6 295	3 370	1 800	1 800
Executive and council		312	439	809	4 210	4 325	4 210	4 325	2 210	270	270
Budget and treasury office		260	672	1 648	1 160	1 512	1 160	1 512	260	290	290
Corporate services		534	159	133	370	458	370	458	900	1 240	1 240
<b>Community and public safety</b>		493	7 844	8 465	19 700	22 655	19 700	22 655	10 999	3 354	1 240
Community and social services		493	7 591	2 857	11 273	13 939	11 273	13 939	7 383	3 354	1 240
Sport and recreation		-	-	4 333	4 397	4 397	4 397	4 397	3 000	-	-
Public safety		-	253	1 275	4 030	4 319	4 030	4 319	616	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		1 993	7 951	22 077	5 729	9 161	5 729	9 161	17 273	27 062	23 494
Planning and development		38	135	1 597	2 290	860	2 290	860	4 280	2 493	1 863
Road transport		1 955	7 816	20 480	3 439	8 301	3 439	8 301	12 993	24 569	21 631
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	5	3 970	7 054	2 960	7 054	2 960	10 874	4 500	9 055
Electricity		-	-	-	-	-	-	-	-	4 500	9 055
Water		-	5	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	3 970	7 054	2 960	7 054	2 960	10 874	-	-
Other		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	3 592	17 070	37 101	38 223	41 071	38 223	41 071	42 515	36 716	35 589
<b>Funded by:</b>											
National Government		1 425	20 793	28 198	25 917	30 537	25 917	30 537	30 615	31 730	33 404
Provincial Government		-	-	-	-	430	-	430	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	1 425	20 793	28 198	25 917	30 967	25 917	30 967	30 615	31 730	33 404
<b>Public contributions &amp; donations</b>	<b>5</b>	-	-	1 312	-	-	-	-	-	-	-
<b>Borrowing</b>	<b>6</b>	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		2 166	(3 723)	7 591	12 306	10 104	12 306	10 104	11 900	4 986	2 185
<b>Total Capital Funding</b>	<b>7</b>	3 592	17 070	37 101	38 223	41 071	38 223	41 071	42 515	36 716	35 589

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
3. The capital program is funded from national grants and transfers and internally generated funds from current and prior year surpluses and is listed above.



**MBRR Table A6 -Budgeted Financial Position****EC136 Emalahleni (EC) - Table A6 Budgeted Financial Position**

EC 130 Enlargement (EC) - Table A6 Budgeted Financial Position											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		16 147	53 120	50 993	2 395	13 874	2 395	70 250	577	1 410	2 319
Call investment deposits	1	29 917	—	—	14 000	20 579	14 000	20 579	20 579	12 000	4 500
Consumer debtors	1	5 697	10 360	10 679	13 557	10 737	13 557	(79 849)	5 437	5 074	4 698
Other debtors		3 559	2 603	5 969	968	968	968	5 365	5 365	5 365	5 365
Current portion of long-term receivables		—	—	—	—	—	—	—	—	—	—
Inventory	2	373	400	619	424	619	424	619	650	682	682
<b>Total current assets</b>		<b>55 693</b>	<b>66 482</b>	<b>68 260</b>	<b>31 345</b>	<b>46 777</b>	<b>31 345</b>	<b>16 984</b>	<b>32 608</b>	<b>24 532</b>	<b>17 565</b>
<b>Non current assets</b>											
Long-term receivables		—	—	—	—	—	—	—	—	—	—
Investments		—	—	—	—	—	—	—	—	—	—
Investment property		25 009	14 201	8 394	25 417	8 394	25 417	8 394	8 394	8 394	8 394
Investment in Associate		—	—	—	—	—	—	—	—	—	—
Property, plant and equipment	3	367 837	420 067	422 873	419 890	438 977	419 890	408 958	457 164	468 383	478 221
Agricultural		—	—	—	—	—	—	—	—	—	—
Biological		—	—	—	—	—	—	—	—	—	—
Intangible		286	255	259	255	259	255	259	88	88	88
Other non-current assets		—	—	—	—	1 076	—	—	—	—	—
<b>Total non current assets</b>		<b>393 131</b>	<b>434 523</b>	<b>431 526</b>	<b>445 581</b>	<b>448 706</b>	<b>445 581</b>	<b>417 611</b>	<b>465 648</b>	<b>476 865</b>	<b>486 703</b>
<b>TOTAL ASSETS</b>		<b>448 824</b>	<b>501 005</b>	<b>499 786</b>	<b>476 906</b>	<b>495 483</b>	<b>476 906</b>	<b>434 574</b>	<b>498 254</b>	<b>501 398</b>	<b>504 268</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	—	5	—	—	—	—	—	—	—	—
Borrowing	4	293	—	—	—	—	—	—	—	—	—
Consumer deposits		101	110	—	—	—	—	—	—	—	—
Trade and other payables	4	9 367	9 567	14 113	9 316	9 316	9 316	9 758	9 875	10 468	11 096
Provisions		7 066	7 894	5 902	6 922	6 922	6 922	4 004	7 268	7 631	8 013
<b>Total current liabilities</b>		<b>16 827</b>	<b>17 575</b>	<b>20 015</b>	<b>16 238</b>	<b>16 238</b>	<b>16 238</b>	<b>13 762</b>	<b>17 143</b>	<b>18 099</b>	<b>19 108</b>
<b>Non current liabilities</b>											
Borrowing		1 105	852	546	657	546	657	171	551	557	563
Provisions		6 227	7 466	9 442	13 684	8 780	13 684	9 353	9 446	10 144	10 853
<b>Total non current liabilities</b>		<b>7 332</b>	<b>8 318</b>	<b>9 988</b>	<b>14 341</b>	<b>9 326</b>	<b>14 341</b>	<b>9 524</b>	<b>9 997</b>	<b>10 701</b>	<b>11 416</b>
<b>TOTAL LIABILITIES</b>		<b>24 159</b>	<b>25 893</b>	<b>30 003</b>	<b>30 579</b>	<b>25 563</b>	<b>30 579</b>	<b>23 286</b>	<b>27 140</b>	<b>28 800</b>	<b>30 524</b>
<b>NET ASSETS</b>	5	<b>424 665</b>	<b>475 112</b>	<b>469 783</b>	<b>446 327</b>	<b>469 919</b>	<b>446 327</b>	<b>411 288</b>	<b>471 114</b>	<b>472 598</b>	<b>473 744</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		424 665	475 112	469 783	446 327	469 919	446 327	482 732	471 114	472 598	473 744
Reserves	4	—	—	—	—	—	—	—	—	—	—
Minorities' interests		—	—	—	—	—	—	—	—	—	—
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>424 665</b>	<b>475 112</b>	<b>469 783</b>	<b>446 327</b>	<b>469 919</b>	<b>446 327</b>	<b>482 732</b>	<b>471 114</b>	<b>472 598</b>	<b>473 744</b>

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. The Budgeted Financial Position is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. This table is supported by an extensive table of notes (SA3 which can be found on later in this report providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves

- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

### MBRRTable A7 - Budgeted Cash Flow Statement

EC136 Emalahleni (EC) - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates, penalties & collection charges		3 077	3 194	3 218	2 034	2 809	18 682	9 469	2 851	3 066	3 325
Service charges		-	14 914	21 381	9 399	10 839	12 650	9 843	18 787	17 624	19 829
Other revenue		-	5 339	5 469	38 443	41 461	38 443	11 420	4 095	3 159	3 184
Government - operating	1	72 148	85 415	98 441	108 178	111 815	108 178	108 065	143 753	137 726	140 390
Government - capital	1	17 084	23 095	22 739	30 970	30 537	30 970	19 682	30 615	31 730	33 404
Interest		7 861	9 301	10 839	7 184	5 644	7 184	6 992	4 867	5 138	5 336
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(98 819)	(101 471)	(107 091)	(155 354)	(156 766)	(187 443)	(108 794)	(146 080)	(148 985)	(150 475)
Finance charges		(69)	(244)	(137)	(175)	(175)	(175)	-	(730)	(821)	(829)
Transfers and Grants	1	-	(14 886)	(19 462)	(17 590)	(21 872)	(17 590)	(15 561)	(28 390)	(19 661)	(25 161)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>1 262</b>	<b>24 657</b>	<b>35 396</b>	<b>23 089</b>	<b>24 292</b>	<b>10 898</b>	<b>41 115</b>	<b>29 769</b>	<b>28 976</b>	<b>29 003</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(2 998)	(17 070)	(37 101)	(38 223)	(41 071)	(38 223)	(41 071)	(42 515)	(36 716)	(35 589)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(2 998)</b>	<b>(17 070)</b>	<b>(37 101)</b>	<b>(38 223)</b>	<b>(41 071)</b>	<b>(38 223)</b>	<b>(41 071)</b>	<b>(42 515)</b>	<b>(36 716)</b>	<b>(35 589)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		844	(0)	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		66	10	(110)	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		(125)	(545)	(308)	(195)	(306)	(546)	(375)	(5)	(6)	(6)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>785</b>	<b>(536)</b>	<b>(418)</b>	<b>(195)</b>	<b>(306)</b>	<b>(546)</b>	<b>(375)</b>	<b>(5)</b>	<b>(6)</b>	<b>(6)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(951)</b>	<b>7 051</b>	<b>(2 122)</b>	<b>(15 329)</b>	<b>(17 086)</b>	<b>(27 870)</b>	<b>(331)</b>	<b>(12 752)</b>	<b>(7 746)</b>	<b>(6 591)</b>
Cash/cash equivalents at the year begin:	2	47 015	46 064	53 115	31 725	50 993	50 993	50 993	33 908	21 156	13 410
Cash/cash equivalents at the year end:	2	46 064	53 115	50 993	16 395	33 908	23 123	50 663	21 156	13 410	6 819

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget..
- The 2015/16 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
- Cash and cash equivalents totals R21 156 million as at the end of the 2015/16 financial year and decrease to R6 819 million by 2017/18.



**MBRRTable A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

EC136 Emalahleni (EC) - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	46 064	53 115	50 993	16 395	33 908	23 123	50 663	21 156	13 410	6 819
Other current investments > 90 days		0	0	0	0	545	(6 727)	40 166	-	0	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>46 064</b>	<b>53 115</b>	<b>50 993</b>	<b>16 395</b>	<b>34 453</b>	<b>16 395</b>	<b>90 829</b>	<b>21 156</b>	<b>13 410</b>	<b>6 819</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		5 138	7 225	1 767	-	-	-	15 937	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	6 753	(1 906)	6 644	(3 126)	(1 870)	(8 091)	87 904	(965)	989	1 911
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>11 892</b>	<b>5 320</b>	<b>8 411</b>	<b>(3 126)</b>	<b>(1 870)</b>	<b>(8 091)</b>	<b>103 841</b>	<b>(965)</b>	<b>989</b>	<b>1 911</b>
<b>Surplus(shortfall)</b>		<b>34 173</b>	<b>47 795</b>	<b>42 583</b>	<b>19 521</b>	<b>36 322</b>	<b>24 486</b>	<b>(13 013)</b>	<b>22 121</b>	<b>12 422</b>	<b>4 909</b>

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.
3. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

**MBRR Table A9 - Asset Management**

EC136 Emalahleni (EC) - Table A9 Asset Management

EC 130 Environment (EC) - Table A9 Asset Management										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE										
<b>Total New Assets</b>	1	3 592	17 070	37 101	38 223	41 071	38 223	42 515	36 716	35 589
Infrastructure - Road transport		1 492	7 749	14 541	3 319	8 181	3 319	12 893	24 429	21 491
Infrastructure - Electricity		-	-	-	-	-	-	-	4 500	9 055
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	1 192	1 550	-	1 550	-	-	-
Infrastructure		1 492	7 749	15 733	4 869	8 181	4 869	12 893	28 929	30 546
Community		-	5 864	6 924	15 490	18 086	15 490	9 383	3 214	1 100
Heritage assets		-	-	-	-	70	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	2 100	3 331	14 444	17 864	14 734	17 864	20 240	4 573	3 943
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	126	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		1 492	7 749	14 541	3 319	8 181	3 319	12 893	24 429	21 491
Infrastructure - Electricity		-	-	-	-	-	-	-	4 500	9 055
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	1 192	1 550	-	1 550	-	-	-
Infrastructure		1 492	7 749	15 733	4 869	8 181	4 869	12 893	28 929	30 546
Community		-	5 864	6 924	15 490	18 086	15 490	9 383	3 214	1 100
Heritage assets		-	-	-	-	70	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		2 100	3 331	14 444	17 864	14 734	17 864	20 240	4 573	3 943
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	126	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	3 592	17 070	37 101	38 223	41 071	38 223	42 515	36 716	35 589
ASSET REGISTER SUMMARY - PPE (WDV)										
<b>Infrastructure - Road transport</b>	5	250 387	239 979	237 801	239 706	237 801	239 706	228 983	230 860	229 171
<b>Infrastructure - Electricity</b>		19 083	19 083	18 576	19 083	18 576	19 083	17 959	21 612	30 214
<b>Infrastructure - Water</b>		-	-	-	-	-	-	-	-	-
<b>Infrastructure - Sanitation</b>		-	-	-	-	-	-	-	-	-
<b>Infrastructure - Other</b>		-	-	3 970	1 550	3 970	1 550	3 670	3 355	3 038
<b>Infrastructure</b>		269 469	259 061	260 347	260 339	260 347	260 339	250 612	255 627	262 422
<b>Community</b>		76 833	79 820	87 076	101 995	87 076	101 995	95 631	97 978	98 202
<b>Heritage assets</b>		-	-	124	-	124	-	124	124	124
<b>Investment properties</b>		25 009	14 201	8 394	25 417	8 394	25 417	8 394	8 394	8 394
<b>Other assets</b>		21 534	81 186	75 327	57 556	91 431	57 556	110 797	114 454	117 473
<b>Agricultural Assets</b>		-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		286	255	259	255	259	255	88	88	88
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	393 131	434 523	431 526	445 561	447 630	445 561	465 646	476 865	486 703
EXPENDITURE OTHER ITEMS										
<b>Depreciation &amp; asset impairment</b>		20 696	21 451	31 703	23 084	23 084	23 084	24 503	25 679	25 935
<b>Repairs and Maintenance by Asset Class</b>	3	-	7 299	8 712	12 548	12 075	12 548	12 386	12 609	12 735
Infrastructure - Road transport		-	1 106	1 190	1 439	880	1 439	4 118	4 316	4 359
Infrastructure - Electricity		-	647	1 056	1 363	833	1 363	4 009	4 202	4 244
Infrastructure - Water		-	2 386	2 702	2 945	2 945	2 945	-	-	-
Infrastructure - Sanitation		-	1 088	32	368	368	368	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	5 226	4 980	6 115	5 026	6 115	8 128	8 518	8 603
Community		-	86	110	547	465	547	100	105	106
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	1 987	3 622	5 886	6 584	5 886	4 159	3 987	4 027
TOTAL EXPENDITURE OTHER ITEMS		20 696	28 750	40 415	35 632	35 159	35 632	36 889	38 288	38 671



### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.
3. An analysis between depreciation and operational repairs and maintenance over the MTREF is not yet possible until the municipality changes its financial systems to include all maintenance costs, also those incurred internally, to the maintenance votes. When implemented it will highlight the Municipality's maintenance backlog.

## MBRR Table A10–Basic Service Delivery Measurement

EC136 Emalahleni (EC) - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		21 433	21 761	26 610	–	–	–	–	–	–
Piped water inside yard (but not in dwelling)		11 936	11 927	11 854	–	–	–	–	–	–
Using public tap (at least min.service level)	2	8 410	8 340	8 099	–	–	–	–	–	–
Other water supply (at least min.service level)	4	2 226	2 110	2 203	–	–	–	–	–	–
<b>Minimum Service Level and Above sub-total</b>		44 005	44 138	48 766	–	–	–	–	–	–
Using public tap (< min.service level)	3	7 083	7 072	7 778	–	–	–	–	–	–
Other water supply (< min.service level)	4	2 316	2 160	1 329	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
<b>Below Minimum Service Level sub-total</b>		9 399	9 232	9 107	–	–	–	–	–	–
<b>Total number of households</b>	5	53 404	53 370	57 873	–	–	–	–	–	–
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		30 986	30 989	33 190	–	–	–	–	–	–
Flush toilet (with septic tank)		1 724	1 724	1 385	–	–	–	–	–	–
Chemical toilet		4 170	4 170	1 410	–	–	–	–	–	–
Pit toilet (ventilated)		8 201	8 160	5 857	–	–	–	–	–	–
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
<b>Minimum Service Level and Above sub-total</b>		45 081	45 043	41 842	–	–	–	–	–	–
Bucket toilet		–	–	103	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	4 482	–	–	–	–	–	–
<b>Below Minimum Service Level sub-total</b>		–	–	4 585	–	–	–	–	–	–
<b>Total number of households</b>	5	45 081	45 043	46 427	–	–	–	–	–	–
<b>Energy:</b>										
Electricity (at least min.service level)		52 453	53 300	54 155	54 155	54 155	54 155	54 155	54 155	54 155
Electricity - prepaid (min.service level)		50 686	51 575	52 355	52 355	52 355	52 355	52 355	52 355	52 355
<b>Minimum Service Level and Above sub-total</b>		103 139	104 875	106 510	106 510	106 510	106 510	106 510	106 510	106 510
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
<b>Below Minimum Service Level sub-total</b>		–	–	–	–	–	–	–	–	–
<b>Total number of households</b>	5	103 139	104 875	106 510	106 510	106 510	106 510	106 510	106 510	106 510
<b>Refuse:</b>										
Removed at least once a week		27 890	27 890	27 890	27 890	27 890	27 890	27 890	27 890	27 890
<b>Minimum Service Level and Above sub-total</b>		27 890	27 890	27 890	27 890	27 890	27 890	27 890	27 890	27 890
Removed less frequently than once a week		110	110	123	123	123	123	123	123	123
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		4 048	4 048	4 142	4 142	4 142	4 142	4 142	4 142	4 142
Other rubbish disposal		4 158	4 158	4 222	4 222	4 222	4 222	4 222	4 222	4 222
No rubbish disposal		–	–	–	–	–	–	–	–	–
<b>Below Minimum Service Level sub-total</b>		8 316	8 316	8 487	8 487	8 487	8 487	8 487	8 487	8 487
<b>Total number of households</b>	5	36 206	36 206	36 377	36 377	36 377	36 377	36 377	36 377	36 377
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		0	1	848	–	–	–	–	–	–
Sanitation (free minimum level service)		93	321	2 873	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		517	762	677	697	697	697	730	759	759
Refuse (removed at least once a week)		66	141	300	361	361	361	378	392	392
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)		0	1	848	–	–	–	–	–	–
Sanitation (free sanitation service)		93	321	2 873	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		517	762	677	697	697	697	900	943	953
Refuse (removed once a week)		66	141	300	361	361	361	800	838	847
<b>Total cost of FBS provided (minimum social package)</b>		677	1 225	4 697	1 058	1 058	1 058	1 700	1 782	1 799
<b>Highest level of free service provided</b>										
Property rates (R value threshold)		–	–	–	–	–	–	–	–	–
Water (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		–	–	–	–	–	–	–	–	–
Electricity (kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (average litres per week)		–	–	–	–	–	–	–	–	–
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)		504	–	525	541	541	541	700	734	741
Property rates (other exemptions, reductions and rebates)		0	0	0	0	0	0	0	0	0
Water		0	1	848	–	–	–	–	–	–
Sanitation		93	321	2 873	–	–	–	–	–	–
Electricity/other energy		517	762	677	697	697	697	900	943	953
Refuse		66	141	300	361	361	361	800	838	847
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
<b>Total revenue cost of free services provided (total social package)</b>	6	1 181	1 225	5 223	1 598	1 598	1 598	2 400	2 515	2 540



## **Part 2 – Supporting Documentation**

### **1.8 Overview of the annual budget process**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Portfolio Head Councillor of Financial Services/Mayor.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### **1.8.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule by 31 August 2014.

#### **2015/2016 IDP AND BUDGET SCHEDULE OF KEY DEADLINES**

<b>Month</b>	<b>Action to be taken Administratively – Municipality Administration</b>
<b>July</b>	Accounting officers and senior officials of Emalahleni Local Municipality begin planning for next three-year budget  <b>MFMA s 68, 77</b>  Accounting officers and senior officials of the municipality review options and contracts for service delivery  <b>MSA s 76-81</b>
<b>August</b>	Accounting Officer to assist Mayor to prepare the schedule of key deadlines and align the IDP and Budget process
<b>August / September / October</b>	Budget office of Emalahleni Local Municipality determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives.  Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc)
<b>September / October</b>	Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials  <b>MFMA s 35, 36, 42; MTBPS</b>
<b>October / November</b>	Accounting officer reviews and drafts initial changes to IDP  <b>MSA s 34</b>
<b>November / December</b>	Accounting officer submits draft budget and plans for next financial year to the Mayor for tabling  Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others  Accounting officer to notify relevant municipalities of projected allocations for next three budget years
<b>MUNICIPAL ELECTIONS AND CONSULTATION ON THE BUDGET</b>	



<b>January</b>	<p>Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling.</p> <p style="text-align: center;"><b>MFMA s 36</b></p> <p>The Accounting Officer must by 25 January assess the performance of the municipality for the first six months of the 2012/2013 financial year and submits a report on such assessment to the Mayor, National Treasury and Provincial Treasury.</p> <p style="text-align: center;"><b>MFMA s 72</b></p>
<b>February</b>	<p>The Accounting Officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous year's audited financial statements and annual report.</p> <p>The Accounting Officer of Emalahleni Local Municipality must liaise with the Accounting Officer of Chris Hani District Municipality 120 days prior to the start of the budget year to obtain projected allocations for 2013/2014, 2014/2015 &amp; 2015/2016.</p> <p style="text-align: center;"><b>MFMA s 37(2)</b></p>
<b>March</b>	<p>The Accounting Officer must publish the tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to National Treasury, Provincial Treasury and others as prescribed.</p> <p style="text-align: center;"><b>MFMA s 22 &amp; 37; MSA Ch 4 as amended</b></p> <p>The Accounting Officer must review any changes in prices for bulk electricity &amp; water purchases as communicated by NERSA &amp; DWA as well as submit proposal of increasing prices of sale of electricity &amp; water to the executive authority &amp; the regulator for approval if national legislation requires such approval.</p> <p style="text-align: center;"><b>MFMA s 42</b></p>
<b>April</b>	<p>Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year</p>
<b>May</b>	<p>Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into</p>

	account consultative processes and any other new information of a material nature
<b>June</b>	<p>Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA.</p> <p style="text-align: center;"><b>MFMA s 69; MSA s 57</b></p> <p>Accounting Officer must publish the adopted budget and all budget-related documents.</p> <p style="text-align: center;"><b>MFMA s 75, 87</b></p>
<p><b>Abbreviations:</b> <b>IDP</b> - Integrated Development Plan; <b>MFMA</b> - Local Government: Municipal Finance Management Act, No. 56 of 2003; <b>MSA</b> - Local Government: Municipal Systems Act, No. 32 of 2000, as amended; <b>MTBPS</b> - National Treasury annual publication, Medium Term Budget and Policy Statement; <b>NT</b> - National Treasury; <b>PT</b> - Provincial Treasuries; <b>SDBIP</b> - Service Delivery and Budget Implementation Plan</p> <p>Shaded Area: Consultation on the budget and municipal elections.</p>	

There were some deviations from the key dates set out in the Budget Time Schedule tabled in Council. However, the schedule attached is the revised one as from time to time adjusted by council and its programmes.

### 1.8.2 IDP and Service Delivery and Budget Implementation Plan

This is the fifth review of the IDP as adopted by Council in March 2011 and again by the new Council in May 2012. It started in September 2013 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2015/16 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.



### 1.8.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2015/16 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/16 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2014/15 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 and 59 has been taken into consideration in the planning and prioritisation process.

## 1.9 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.



The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

#### IDP Strategic Objectives

2014/15 Financial Year	2015/16 MTREF
1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)	1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)
2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)	2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)
3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)	3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)
4. To have a transparent and performance driven organisation (KPA Good governance and public participation)	4. To have a transparent and performance driven organisation (KPA Good governance and public participation)
5. To implement good financial management (KA Financial management and viability)	5. To implement good financial management (KA Financial management and viability)

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.



Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. To have a transparent and performance driven organisation
2. To ensure that cost effective, appropriate and efficient services are delivered
3. To ensure that conditions are created which stimulate the growth of the local economy
4. To implement good financial management
5. To have an effective and efficient administration

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP.

The 2015/16 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

#### MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

EC136 Emalahleni (EC) - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

EC136 Emaahleni (EC) - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)													
Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand													
Good Governance & Municipal transformation	To have an effective and efficient administration (KPA Municipal transformation and Inst dev.) To have a transparent and performance driven organisation (KPA Good governance and public participation)			690	322	5 492	6 335	6 335	6 335	6 141	6 423	6 709	
Financial Viability	To implement good financial management (KA Financial management and viability)			70 681	81 790	85 762	95 817	97 844	95 817	119 570	120 587	118 218	
Local Economic Development	To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)			2 643	3 548	4 533	1 722	2 552	1 722	1 543	1 575	1 589	
Service Delivery	To ensure that cost-effective, appropriate and efficient services are delivered (KPA Service delivery)			48 355	70 735	94 716	95 585	96 374	95 585	74 943	69 400	78 407	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	120 370	156 394	190 504	199 459	203 105	199 459	202 197	197 993	204 922

## MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

EC136 Emalahleni (EC) - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

EC135 Emaaheni (EC) - Supporting Table 3A3 Reconciliation of IDP strategic objectives and budget (operating expenditure)												
Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
Good Governance & Municipal transformation	To have an effective and efficient administration (KPA Municipal transformation and inst dev ) To have a transparent and performance driven organisation (KPA Good governance and public participation)			30 356	33 337	38 024	47 933	47 262	47 933	52 771	55 304	55 657
Financial Viability	To implement good financial management (KA Financial management and viability )			14 166	16 816	29 464	23 443	24 414	23 443	28 521	28 555	29 222
Local Economic Development	To ensure that conditons are created which stimulate the growth of the local economy (KPA LED)			12 638	16 612	27 331	22 328	23 838	22 328	22 224	21 520	22 136
Service Delivery	To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)			123 274	84 971	101 013	105 751	107 435	105 751	97 466	90 730	96 559
Allocations to other priorities												
Total Expenditure				180 487	153 737	195 833	199 455	202 969	199 455	201 002	196 509	203 777

## MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

EC136 Emalahleni (EC) - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

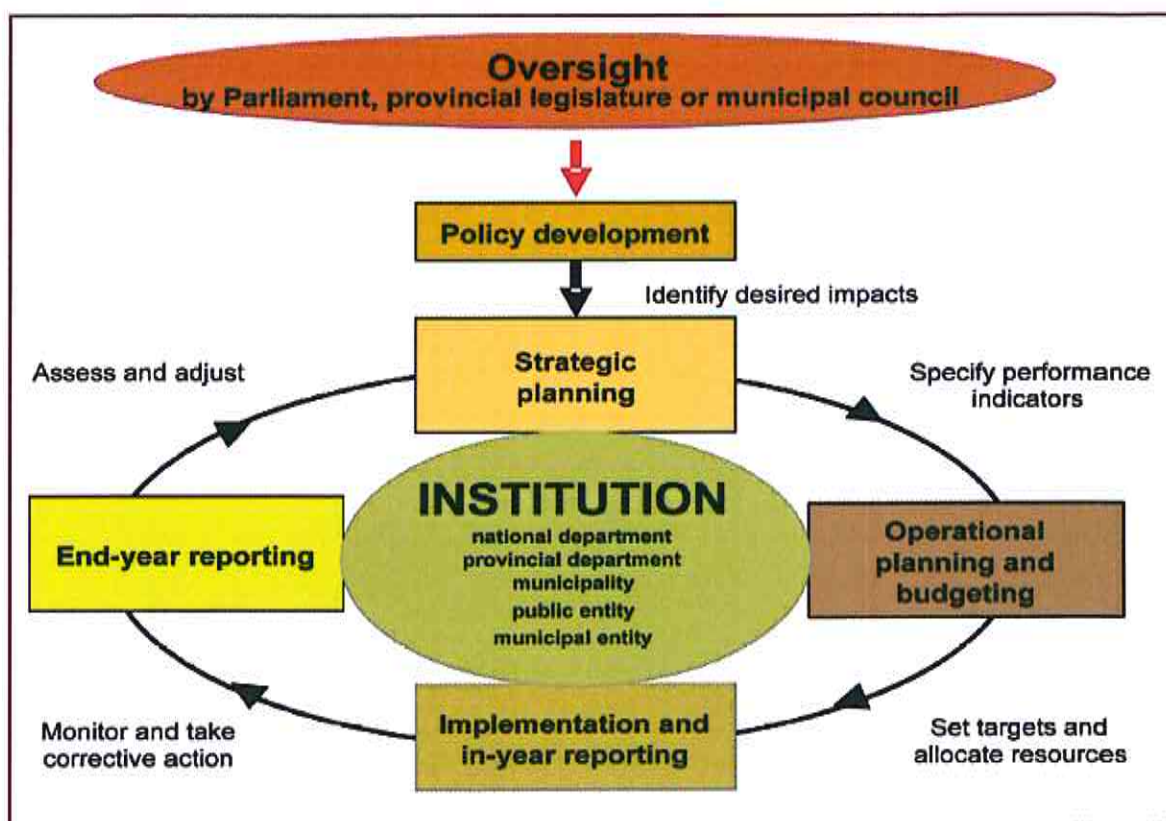
Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
Good Governance & Municipal transformation	To have an effective and efficient administration (KPA Municipal transformation and inst dev.) To have a transparent and performance driven organisation (KPA Good governance and public participation)	A		646	507	942	4 580	4 783	4 580	3 110	1 510	1 510
Financial Viability	To implement good financial management (KA Financial management and viability)	B C		260	672	1 648	1 160	1 512	1 160	260	290	290
Local Economic Development	To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)	D E		531	7 727	6 787	17 960	19 196	17 960	14 683	5 847	3 103
Service Delivery	To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)	F G		1 955	6 074	25 725	14 523	15 580	14 523	24 483	29 069	30 686
Allocations to other priorities												
Total Capital Expenditure				3 592	17 070	37 101	38 223	41 071	38 223	42 516	36 716	35 689

## 1.10 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

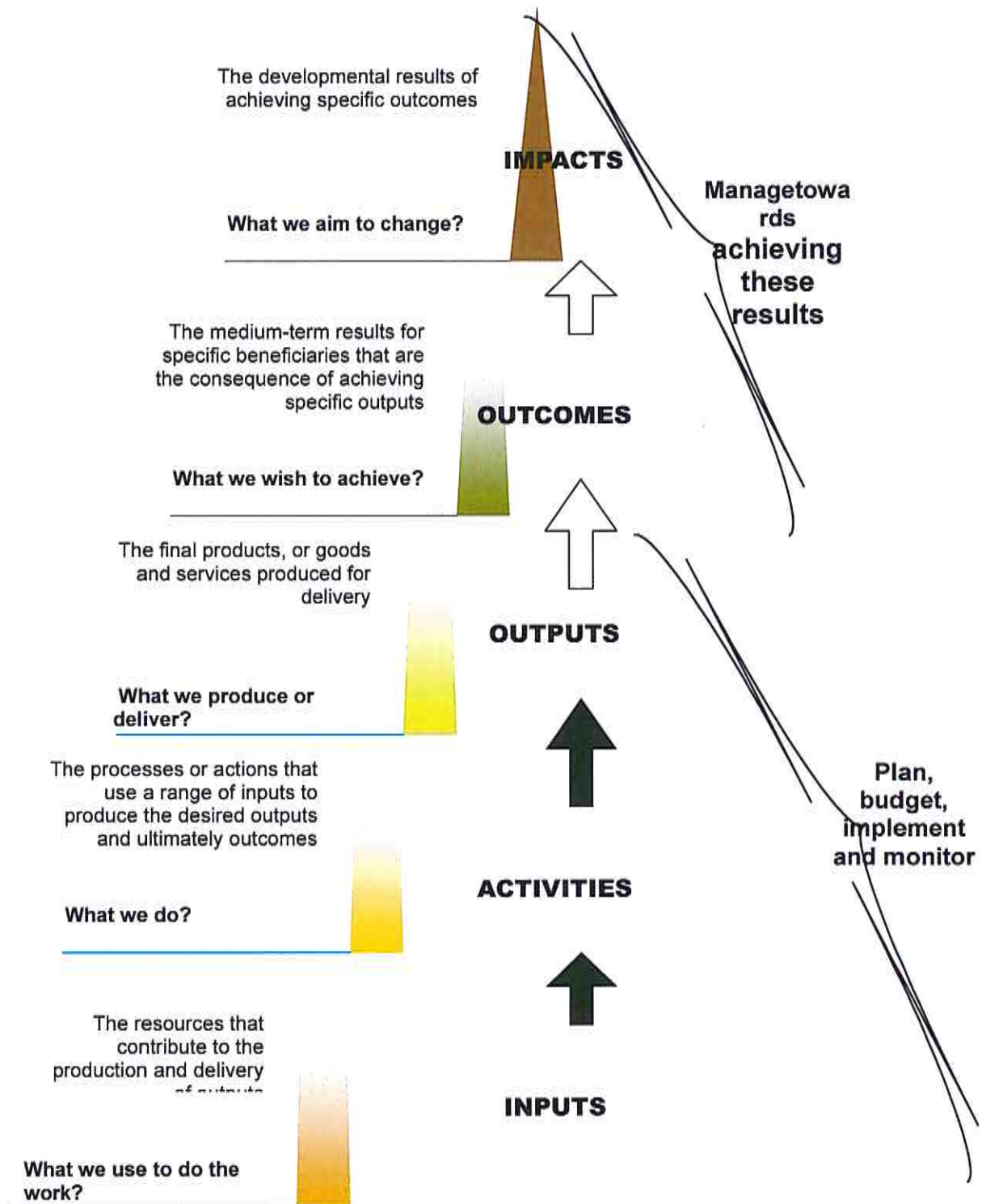




The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.



**MBRR Table SA7 - Measurable performance objectives**

The following table sets out the municipalities main performance objectives and benchmarks for the 2015/16 MTREF.

**MBRR Table SA8 - Performance indicators and benchmarks**

EC136 Emalahleni (EC) - Supporting Table SA8 Performance indicators and benchmarks

EC:159 Enamthem (EC) - Supporting Table 08: Performance Indicators and Benchmarks											
Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.3%	0.8%	0.5%	0.2%	0.2%	0.4%	0.3%	0.4%	0.4%	0.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.0%	2.4%	1.6%	0.6%	0.8%	1.2%	1.2%	2.6%	2.9%	2.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	39.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	3.3	3.8	3.4	1.9	2.9	1.9	1.2	1.9	1.4	0.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	3.3	3.8	3.4	1.9	2.9	1.9	1.2	1.9	1.4	0.9
Liquidity Ratio	Monetary Assets/Current Liabilities	2.7	3.0	2.5	1.0	2.1	1.0	6.6	1.2	0.7	0.4
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		17.2%	100.0%	100.0%	77.9%	100.0%	213.4%	164.3%	114.7%	102.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		17.2%	100.0%	100.0%	77.9%	100.0%	213.4%	164.3%	114.7%	102.2%	102.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	7.8%	9.6%	10.3%	6.6%	6.8%	6.6%	-53.9%	6.3%	6.3%	5.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(a))										
Creditors to Cash and Investments		16.0%	8.5%	29.2%	56.8%	27.5%	40.3%	7.9%	46.7%	78.1%	162.7%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kl)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	33.1%	32.2%	29.1%	36.6%	35.3%	36.6%	27.8%	34.5%	37.3%	36.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	40.1%	38.5%	35.2%	42.7%	41.2%	42.7%		40.8%	44.1%	43.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	5.4%	5.4%	7.4%	7.0%	7.4%		7.2%	7.6%	7.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	17.7%	16.3%	20.0%	13.6%	13.5%	13.6%	13.8%	14.7%	15.9%	15.6%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	4.8	4.5	8.7	10.1	10.1	10.1	6.2	5.4	5.3	5.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	49.7%	68.2%	65.7%	95.0%	81.6%	95.0%	-611.8%	55.4%	50.0%	43.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	4.2	6.0	4.7	1.4	2.9	2.0	6.0	1.8	1.2	0.6

### 1.10.1 Performance indicators and benchmarks

#### 1.10.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Emalahleni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2015/16 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is by far below the borrowing capacity of the municipality, but it needs to be noted that capital grants and transfers has contributed significantly to the municipality's capital expenditure programs, thus limiting the need for borrowing.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steady 0.4 percent throughout the MTREF period. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality should limit external interest charges to the minimum.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing any money during the MTREF period.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has bought vehicles on hire purchase and will pay instalments monthly for a five year period.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2015/16 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

#### 1.10.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. This ratio is well below the norm, indicating a strong financial position.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

#### 1.10.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of more than 2 which is a general benchmark, hence at no point in time should this ratio be less than 2. For the 2015/16 MTREF the



current ratio is 1.9, and 1.4 and 0.9 respectively for the two outer years of the MTREF. Going forward it will be good financial practices if these levels can be maintained.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2014/15 financial year the ratio was 2.1 and as part of the financial planning strategy it has been decreased to 1.2 in the 2015/16 and has decreased to 0.4 in 2017/18 financial year.

#### 1.10.1.4 Revenue Management

- As part of the financial sustainability, an aggressive revenue management framework should be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the framework should be to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. The collection rates in this indicator is based on all cash receipts, also for direct income. The collection rate used for the calculation of debtors' payments was 50 per cent and should increase if the municipality wants to be financial as a going concern conservative approach in order to cater for the current negative economic climate.

#### 1.10.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

#### 1.10.1.6 Other Indicators

- The municipality needs to know what causes high electricity losses. The municipality has then to developed mechanism to determine what is an acceptable distribution loss and what should be contributed to theft.
- Employee costs as a percentage of operating revenue is fairly constant over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also fairly constant owing directly to cost drivers such as bulk purchases increasing far above inflation. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.



### **1.10.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the MTREF1903 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, free sanitation and free waste removal equivalent once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained elsewhere in this report.

## **1.11 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

**There will be a policy review workshop during the month of April 2015 so as to make sure all users of it understand it. The following is a broad framework of all the policies the council have:**

### **1.11.1 Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council annually is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2015/16 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 50 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

### **1.11.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and



prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

#### **1.11.3 Budget Adjustment Policy**

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

#### **1.11.4 Supply Chain Management Policy**

The Supply Chain Management Policy was reviewed and adopted by Council in May 2013. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

#### **1.11.5 Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

#### **1.11.6 Cash Management and Investment Policy**

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

#### **1.11.7 Tariff Policies**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on at main municipal building, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

## **1.12 Overview of budget assumptions**

### **1.12.1 External factors**

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank fast and millions of people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven and that growth for 2015 will be minimal with a slightly better growth in the outer years.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

### **1.12.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2015/16 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

### **1.12.3 Credit rating outlook**

The Municipality did not perform a credit rating outlook.

### **1.12.4 Interest rates for borrowing and investment of funds**

The municipality will not borrow any funds during the MTREF period. It is expected that interest rates will be adjusted slightly upwards during the MTREF period and it was budget for as such.

### **1.12.5 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (20 per cent) of annual billings. Cash flow is assumed to be 20 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **1.12.6 Growth or decline in tax base of the municipality**



Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

#### **1.12.7 Salary increases**

There is a collective agreement on salary increases in place for the budget year, and the guidance on increases as contained in Circular 74 and 75 of National Treasury was also used during the compilation of budget accordingly.

#### **1.12.8 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

#### **1.12.9 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget.

### **1.13 Overview of budget funding**

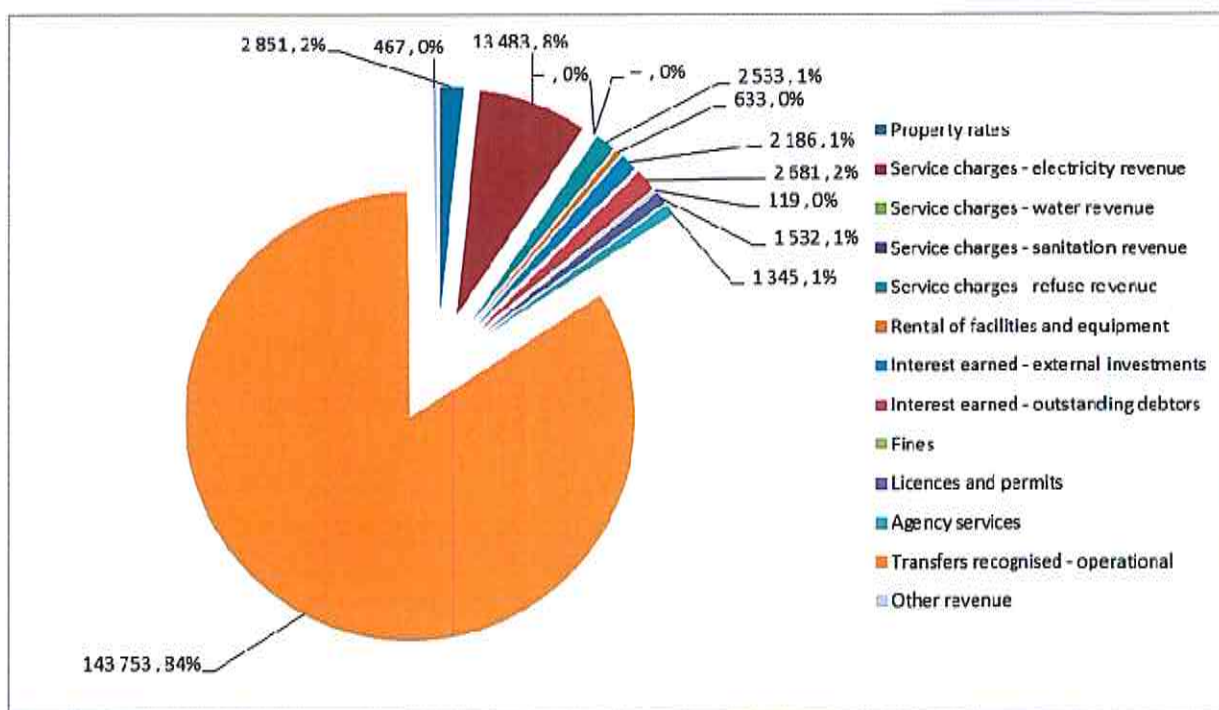
### 1.13.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Financial Performance										
Property rates	3 401	3 194	3 218	2 034	2 809	2 034	1 913	2 851	3 066	3 325
Service charges	14 513	14 914	21 381	12 650	10 839	12 650	9 843	16 015	17 174	19 283
Investment revenue	2 250	2 862	3 005	2 086	3 086	2 086	2 883	2 186	2 271	2 271
Transfers recognised - operational	72 148	85 415	98 441	108 178	111 385	108 178	108 085	143 753	137 726	140 390
Other own revenue	28 833	29 217	36 260	43 542	44 019	43 542	15 529	6 778	6 027	6 250
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>118 945</b>	<b>135 602</b>	<b>162 305</b>	<b>168 489</b>	<b>172 137</b>	<b>168 489</b>	<b>138 232</b>	<b>171 582</b>	<b>166 263</b>	<b>171 519</b>

The following graph is a breakdown of the operational revenue per main category for the 2015/16 financial year.

#### Breakdown of operating revenue over the 2015/16 MTREF



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

Investment revenue contributes significantly to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.



**MBRR SA15 – Detail Investment Information**

EC136 Emalahleni (EC) - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		29 917	-	-	14 000	20 579	14 000	20 579	12 000	4 500
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	29 917	-	-	14 000	20 579	14 000	20 579	12 000	4 500
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		29 917	-	-	14 000	20 579	14 000	20 579	12 000	4 500

**MBRR SA16 – Investment particulars by maturity**

EC136 Emalahleni [EC] - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment		Type of Investment	Capital Guarantee (Year Mo)	Variable or Fixed Interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of Investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (R)	Investment Top Up	Closing Balance
		Year	Months												
Name of Institution & Investment ID	1														
Parent municipality															
Municipality sub-total															
Entity															
FMS		Call		CALL ACCOUNTS	Yes	Variable	5	0	0	30 DAYS	20 579	1 029	(1 029)	-	20 579
Entity sub-total															
TOTAL INVESTMENTS AND INTEREST	1										20 579			-	20 579
											20 579			-	20 579



### 1.13.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**MBRR Table A7 - Budget cash flow statement****EC136 Emalahleni (EC) - Table A7 Budgeted Cash Flows**

R thousand	Description	Ref	Current Year 2014/15					2015/16 Medium Term Revenue & Expenditure Framework				
			Audited Outcome	2012/13 Audited Outcome	2013/14 Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
	Property rates, penalties & collection charges		3 077	3 194	3 218	2 034	2 809	18 682	9 469	2 851	3 066	3 325
	Service charges		-	14 914	21 381	9 399	10 839	12 650	9 843	18 787	17 624	19 829
	Other revenue		-	5 339	5 469	38 443	41 461	38 443	11 420	4 095	3 159	3 184
1	Government - operating		72 148	85 415	98 441	108 178	111 815	108 178	108 065	143 753	137 726	140 390
1	Government - capital		17 084	23 095	22 739	30 970	30 537	30 970	19 682	30 615	31 730	33 404
	Interest		7 861	9 301	10 839	7 184	5 644	7 184	6 992	4 867	5 138	5 336
	Dividends		-	-	-	-	-	-	-	-	-	-
Payments												
	Suppliers and employees		(98 819)	(101 471)	(107 091)	(155 354)	(156 766)	(187 443)	(108 794)	(146 080)	(148 985)	(150 475)
	Finance charges		(89)	(244)	(137)	(175)	(175)	(175)	-	(730)	(821)	(829)
1	Transfers and Grants		-	(14 886)	(19 462)	(17 590)	(21 872)	(17 590)	(15 561)	(28 390)	(19 661)	(25 161)
NET CASH FROM/(USED) OPERATING ACTIVITIES			1 262	24 657	35 396	23 089	24 292	10 898	41 115	29 769	28 976	29 003
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
	Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
	Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
	Decrease (Increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
	Decrease (Increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments												
	Capital assets		(2 998)	(17 070)	(37 101)	(38 223)	(41 071)	(38 223)	(41 071)	(42 515)	(36 716)	(35 589)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(2 998)	(17 070)	(37 101)	(38 223)	(41 071)	(38 223)	(41 071)	(42 515)	(36 716)	(35 589)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
	Short term loans		-	-	-	-	-	-	-	-	-	-
	Borrowing long term/refinancing		844	(0)	-	-	-	-	-	-	-	-
	Increase (decrease) in consumer deposits		66	10	(110)	-	-	-	-	-	-	-
Payments												
	Repayment of borrowing		(125)	(545)	(306)	(195)	(306)	(546)	(375)	(5)	(6)	(6)
NET CASH FROM/(USED) FINANCING ACTIVITIES			785	(536)	(416)	(195)	(306)	(546)	(375)	(5)	(6)	(6)
NET INCREASE/ (DECREASE) IN CASH HELD			(951)	7 051	(2 122)	(15 329)	(17 086)	(27 870)	(331)	(12 752)	(7 746)	(6 591)
2	Cash/cash equivalents at the year begin:		47 015	46 064	53 115	31 725	50 993	50 993	50 993	33 908	21 156	13 410
2	Cash/cash equivalents at the year end:		46 064	53 115	50 993	16 395	33 908	23 123	50 663	21 156	13 410	6 819



### 1.13.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

#### MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

EC136 Emalahleni (EC) - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Cash and Investments available</b>											
Cash/cash equivalents at the year end	1	46 064	53 115	50 993	16 395	33 908	23 123	50 663	21 156	13 410	6 819
Other current investments > 90 days		0	0	0	0	545	(6 727)	40 166	-	0	0
Non current assets - investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>46 064</b>	<b>53 115</b>	<b>50 993</b>	<b>16 395</b>	<b>34 453</b>	<b>16 395</b>	<b>90 829</b>	<b>21 156</b>	<b>13 410</b>	<b>6 819</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		5 138	7 225	1 767	-	-	-	15 937	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	6 753	(1 905)	6 644	(3 126)	(1 870)	(8 091)	87 904	(965)	989	1 911
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>11 892</b>	<b>5 320</b>	<b>8 411</b>	<b>(3 126)</b>	<b>(1 870)</b>	<b>(8 091)</b>	<b>103 841</b>	<b>(965)</b>	<b>989</b>	<b>1 911</b>
<b>Surplus(shortfall)</b>		<b>34 173</b>	<b>47 795</b>	<b>42 583</b>	<b>19 521</b>	<b>36 322</b>	<b>24 486</b>	<b>(13 013)</b>	<b>22 121</b>	<b>12 422</b>	<b>4 909</b>

From the above table it can be seen that the cash and investments available total R22.1 million in the 2015/16 financial year and progressively decrease to R4.9 million by 2017/18, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. Any underperformance in relation to



collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the Capital Replacement Reserve, Employee Benefits Reserves and the Rehabilitation of landfill sites and quarries.

#### 1.13.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

#### MBRR SA10 – Funding compliance measurement

EC136 Emalahleni (EC) Supporting Table SA10 Funding measurement

EC130: Enameliert (EC) Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	46 064	53 115	50 993	16 395	33 908	23 123	50 663	21 156	13 410	6 819
Cash + investments at the yr end less applications - R'000	18(1)b	2	34 173	47 795	42 583	19 521	36 322	24 486	(13 013)	22 121	12 422	4 909
Cash year end/monthly employee/supplier payments	18(1)b	3	4.2	6.0	4.7	1.4	2.9	2.0	6.0	1.8	1.2	0.6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(60 097)	2 658	(5 329)	4	136	4	14 491	1 195	1 484	1 148
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(4.9%)	29.8%	(46.3%)	(13.1%)	1.6%	(25.9%)	32.2%	1.3%	5.7%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	6.0%	49.5%	49.4%	85.7%	95.6%	119.8%	112.6%	100.4%	90.8%	91.3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	252.5%	52.7%	78.2%	22.1%	7.8%	22.1%	7.6%	6.9%	6.7%	6.1%
Capital payments % of capital expenditure	18(1)c,(19)	8	83.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	39.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Gov't legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	40.1%	28.4%	(12.7%)	(19.4%)	24.1%	(612.8%)	(7.7%)	(3.4%)	(3.6%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(v)	13	0.0%	1.7%	2.1%	3.0%	2.8%	3.0%	3.0%	2.7%	2.7%	2.7%
Asset renew at % of capital budget	20(1)(v)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

##### 1.13.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

##### 1.13.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.



*1.13.4.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

*1.13.4.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2015/16 MTREF and outer years the municipality has a small surplus.

It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

*1.13.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 percent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth is higher than forecasted CPI for the respective financial year of the 2015/16 MTREF which is mainly due to higher electricity tariff increase. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

*1.13.4.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 99.1 per cent for 2015/16 and 90.8 percent for the outer financial years. Given that the assumed collection rate was based on a 20 per cent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

*1.13.4.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 20 per cent over the MTREF.

#### *1.13.4.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

#### *1.13.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

#### *1.13.4.10 Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

#### *1.13.4.11 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

#### *1.13.4.12 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.



## 1.14 Expenditure on grants and reconciliations of unspent funds

### MBRR SA19 - Expenditure on transfers and grant programmes

EC136 Emalahleni (EC) - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>										
<b>EXPENDITURE:</b>	<b>1</b>									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		67 826	82 270	94 165	107 143	108 143	107 143	142 953	136 926	139 590
Local Government Equitable Share		61 056	69 797	78 749	92 038	92 038	92 038	116 537	117 289	114 454
Finance Management		1 500	1 379	1 650	1 800	1 800	1 800	1 875	2 010	2 345
Municipal Systems Improvement		790	736	890	934	934	934	930	957	1 033
Integrated National Electrification Programme		4 480	9 000	10 996	10 000	11 000	10 000	21 000	15 000	20 000
EPWP Incentive		-	1 358	1 000	1 217	1 217	1 217	1 000	-	-
Municipal Infrastructure Grant (MIG) PMU		-	-	880	1 154	1 154	1 154	1 611	1 670	1 758
<b>Provincial Government:</b>		2 189	441	831	932	2 704	932	800	800	800
Other transfers/grants [insert description]		2 189	441	831	932	2 704	932	800	800	800
<b>District Municipality:</b>		-	2 705	3 446	103	538	103	-	-	-
[insert description]		-	2 705	3 446	103	538	103	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants</b>		70 015	85 415	98 441	108 178	111 385	108 178	143 753	137 726	140 390
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		19 217	20 793	28 198	30 970	30 537	30 970	30 615	31 730	33 404
Municipal Infrastructure Grant (MIG)		19 217	20 793	28 198	30 970	30 537	30 970	30 615	31 730	33 404
<b>Provincial Government:</b>		-	-	-	-	430	-	-	-	-
Other capital transfers/grants [insert description]		-	-	-	-	430	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		19 217	20 793	28 198	30 970	30 967	30 970	30 615	31 730	33 404
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		89 232	106 208	126 640	139 148	142 352	139 148	174 368	169 456	173 794

**MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

EC136 Emalahleni (EC) - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>										
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts		67 826	82 270	94 165	107 143	108 143	107 143	142 953	136 926	139 590
Conditions met - transferred to revenue		87 826	82 270	94 165	107 143	108 143	107 143	142 953	136 926	139 590
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year		2 133								
Current year receipts		2 189	441	831	932	2 704	932	800	800	800
Conditions met - transferred to revenue		4 322	441	831	932	2 704	932	800	800	800
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts		-	2 705	3 446	103	538	103	-	-	-
Conditions met - transferred to revenue		-	2 705	3 446	103	538	103	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		<b>72 148</b>	<b>85 415</b>	<b>98 441</b>	<b>108 178</b>	<b>111 385</b>	<b>108 178</b>	<b>143 753</b>	<b>137 726</b>	<b>140 390</b>
<b>Total operating transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts		1 425	20 793	28 198	30 970	30 537	30 970	30 615	31 730	33 404
Conditions met - transferred to revenue		1 425	20 793	28 198	30 970	30 537	30 970	30 615	31 730	33 404
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	430	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	430	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		<b>1 425</b>	<b>20 793</b>	<b>28 198</b>	<b>30 970</b>	<b>30 967</b>	<b>30 970</b>	<b>30 615</b>	<b>31 730</b>	<b>33 404</b>
<b>Total capital transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		<b>73 573</b>	<b>106 208</b>	<b>126 640</b>	<b>139 148</b>	<b>142 352</b>	<b>139 148</b>	<b>174 368</b>	<b>169 456</b>	<b>173 794</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		-	-	-	-	-	-	-	-	-



## 1.15 Councillor and employee benefits

### MBRR SA22 - Summary of councillor and staff benefits

EC136 Emalahleni (EC) - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		8 270	9 101	9 812	10 227	10 107	10 227	10 739	11 255	11 367
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>		8 270	9 101	9 812	10 227	10 107	10 227	10 739	11 255	11 367
<b>% Increase</b>	4		10.1%	7.8%	4.2%	(1.2%)	1.2%	5.0%	4.8%	1.0%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		6 395	7 171	6 371	8 197	7 797	8 197	6 866	7 195	7 267
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	115	(2 303)	-	-	-	97	101	102
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		6 395	7 285	4 068	8 197	7 797	8 197	6 963	7 297	7 370
<b>% Increase</b>	4		13.9%	(44.2%)	101.5%	(4.9%)	5.1%	(15.1%)	4.8%	1.0%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		19 172	26 431	29 907	35 902	35 177	35 902	33 330	34 929	35 279
Pension and UIF Contributions		3 973	3 245	3 780	6 175	6 175	6 175	6 197	6 494	6 559
Medical Aid Contributions		975	949	1 298	2 350	2 350	2 350	2 049	2 147	2 169
Overtime		1 314	1 070	1 503	1 590	1 874	1 590	993	1 041	1 051
Performance Bonus		2 275	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	745	653	884	1 393	1 393	1 393	2 855	2 992	3 022
Cellphone Allowance	3	165	283	468	516	516	516	432	452	457
Housing Allowances	3	585	140	143	225	225	225	490	513	518
Other benefits and allowances	3	620	328	430	-	-	-	560	587	593
Payments in lieu of leave		2 653	369	1 817	276	276	276	1 928	2 021	2 041
Long service awards		212	316	241	-	-	-	260	272	275
Post-retirement benefit obligations	6	308	2 614	2 757	5 016	5 016	5 016	3 197	3 350	3 384
<b>Sub Total - Other Municipal Staff</b>		32 996	36 399	43 227	53 442	53 002	53 442	52 289	54 799	55 347
<b>% Increase</b>	4		10.3%	18.8%	23.6%	(0.8%)	0.8%	(2.2%)	4.8%	1.0%
<b>Total Parent Municipality</b>		47 681	52 788	57 108	71 867	70 906	71 867	69 991	73 351	74 084
			10.8%	8.2%	25.8%	(1.3%)	1.4%	(2.6%)	4.8%	1.0%
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		47 681	52 788	57 108	71 867	70 906	71 867	69 991	73 351	74 084
<b>% Increase</b>	4		10.8%	8.2%	25.8%	(1.3%)	1.4%	(2.6%)	4.8%	1.0%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	39 391	43 685	47 295	61 639	60 799	61 639	59 252	62 096	62 717

**MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

**EC136 Emalahleni (EC) - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)**

<b>Disclosure of Salaries, Allowances &amp; Benefits 1.</b>	<b>Ref</b>	<b>No.</b>	<b>Salary</b>	<b>Contributions</b>	<b>Allowances</b>	<b>Performance Bonuses</b>	<b>In-kind benefits</b>	<b>Total Package</b>
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4		596 487		22 955			619 442
Chief Whip			287 059		22 955			310 014
Executive Mayor			745 609		46 002			791 611
Deputy Executive Mayor			559 207		22 955			582 162
Executive Committee			1 985 184		91 819			2 077 004
Total for all other councillors			5 785 140		573 870			6 359 010
<b>Total Councillors</b>	8	-	9 958 687	-	780 556			10 739 242
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			1 375 352		28 750	96 709		1 500 811
Chief Finance Officer			1 065 879		20 460	58 485		1 144 823
Director - Corporate Services			978 360		20 460	56 343		1 055 163
Director - IPED			978 197		20 460	56 343		1 055 000
Director: Infrastructure and Human Settlements			978 197		20 460	56 343		1 055 000
Director - Community			978 197		20 460	56 343		1 055 000
Contribution to Provision				96 709				96 709
List of each official with packages >= senior manager								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
<b>Total Senior Managers of the Municipality</b>	8,10	-	6 354 181	96 709	131 050	380 567		6 962 506



**MBRR SA24– Summary of personnel numbers**

EC136 Emalahleni (EC) - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2013/14			Current Year 2014/15			Budget Year 2015/16		
Number	1,2		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>											
Councillors (Political Office Bearers plus Other Councillors)			34	-	34	34	-	34	34	-	34
Board Members of municipal entities	4		-	-	-	-	-	-	-	-	-
<b>Municipal employees</b>	5										
Municipal Manager and Senior Managers	3		7	-	7	7	-	7	6	-	6
Other Managers	7		5	5	-	10	8	2	13	9	4
Professionals			27	26	1	17	16	1	57	57	-
Finance			7	7	-	8	8	-	12	12	-
Spatialtown planning			3	2	1	3	2	1	1	1	-
Information Technology			-	-	-	1	1	-	1	1	-
Roads			-	-	-	-	-	-	3	3	-
Electricity			1	1	-	1	1	-	-	-	-
Water			3	3	-	3	3	-	-	-	-
Sanitation			-	-	-	-	-	-	-	-	-
Refuse			-	-	-	-	-	-	2	2	-
Other			13	13	-	1	1	-	38	38	-
Technicians			41	38	3	41	38	3	5	5	-
Finance			4	4	-	4	4	-	-	-	-
Spatialtown planning			2	2	-	2	2	-	-	-	-
Information Technology			1	1	-	1	1	-	1	1	-
Roads			1	1	-	1	1	-	1	1	-
Electricity			-	-	-	-	-	-	1	1	-
Water			-	-	-	-	-	-	-	-	-
Sanitation			-	-	-	-	-	-	-	-	-
Refuse			-	-	-	-	-	-	-	-	-
Other			33	30	3	33	30	3	2	2	-
Clerks (Clerical and administrative)			-	-	-	7	7	-	39	39	-
Service and sales workers			-	-	-	-	-	-	-	-	-
Skilled agricultural and fishery workers			-	-	-	-	-	-	4	4	-
Craft and related trades			6	6	-	6	6	-	8	8	-
Plant and Machine Operators			22	22	-	28	28	-	17	17	-
Elementary Occupations			99	99	-	99	99	-	74	74	-
<b>TOTAL PERSONNEL NUMBERS</b>	9		241	196	45	249	202	47	257	213	44
<b>% Increase</b>						3,3%	3,1%	4,4%	3,2%	5,4%	(6,4%)
<b>Total municipal employees headcount</b>	6, 10										
Finance personnel headcount	8, 10										
Human Resources personnel headcount	8, 10										

## 1.16 Monthly targets for revenue, expenditure and cash flow

### MBRR SA25 - Budgeted monthly revenue and expenditure

EC136 Emalahleni (EC) - Supporting Table SA25 Budgeted monthly revenue and expenditure

R thousand	Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>			238	238	238	238	238	238	238	238	238	238	238	238	2 851	3 066	3 325
	Property rates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Property rates - penalties & collection charges		1 124	1 124	1 124	1 124	1 124	1 124	1 124	1 124	1 124	1 124	1 124	1 124	13 483	14 446	16 314
	Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Service charges - refuse revenue		211	211	211	211	211	211	211	211	211	211	211	211	2 533	2 728	2 969
	Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Rental of facilities and equipment		53	53	53	53	53	53	53	53	53	53	53	53	633	660	675
	Interest earned - external investments		182	182	182	182	182	182	182	182	182	182	182	182	2 186	2 271	2 271
	Interest earned - outstanding debtors		223	223	223	223	223	223	223	223	223	223	223	223	2 681	2 868	3 066
	Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fines		10	10	10	10	10	10	10	10	10	10	10	10	119	123	123
	Licences and permits		128	128	128	128	128	128	128	128	128	128	128	128	1 532	1 542	1 542
	Agency services		112	112	112	112	112	112	112	112	112	112	112	112	1 345	1 345	1 345
	Transfers recognised - operational		11 979	11 979	11 979	11 979	11 979	11 979	11 979	11 979	11 979	11 979	11 979	11 979	143 753	137 726	140 390
	Other revenue		(161)	(161)	(161)	(161)	(161)	(161)	(161)	(161)	(161)	(161)	(161)	(161)	467	488	498
	Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>14 098</b>	<b>14 098</b>	<b>14 098</b>	<b>14 098</b>	<b>14 098</b>	<b>14 098</b>	<b>14 098</b>	<b>14 098</b>	<b>14 098</b>	<b>14 098</b>	<b>14 098</b>	<b>14 098</b>	<b>171 582</b>	<b>166 263</b>	<b>171 519</b>
<b>Expenditure By Type</b>																	
	Employee related costs		4 934	4 934	4 934	4 934	4 934	4 934	4 934	4 934	4 934	4 934	4 934	4 934	59 207	62 048	62 669
	Remuneration of councillors		895	895	895	895	895	895	895	895	895	895	895	895	10 739	11 255	11 367
	Debt impairment		108	108	108	108	108	108	108	108	108	108	108	108	1 300	1 362	1 376
	Depreciation & asset impairment		2 042	2 042	2 042	2 042	2 042	2 042	2 042	2 042	2 042	2 042	2 042	2 042	24 503	25 679	25 935
	Finance charges		61	61	61	61	61	61	61	61	61	61	61	61	730	821	829
	Bulk purchases		1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	18 040	18 906	19 095
	Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Contracted services		361	361	361	361	361	361	361	361	361	361	361	361	4 327	4 535	4 580
	Transfers and grants		2 366	2 366	2 366	2 366	2 366	2 366	2 366	2 366	2 366	2 366	2 366	2 366	28 390	19 661	25 161
	Other expenditure		4 481	4 481	4 481	4 481	4 481	4 481	4 481	4 481	4 481	4 481	4 481	4 481	53 767	52 242	52 764
	Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>			<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>201 002</b>	<b>196 509</b>	<b>203 777</b>
<b>Surplus/(Deficit)</b>			<b>(2 652)</b>	<b>(2 652)</b>	<b>(2 652)</b>	<b>(2 652)</b>	<b>(2 652)</b>	<b>(2 652)</b>	<b>(2 652)</b>	<b>(2 652)</b>	<b>(2 652)</b>	<b>(2 652)</b>	<b>(2 652)</b>	<b>(2 652)</b>	<b>(29 420)</b>	<b>(30 246)</b>	<b>(32 258)</b>
	Transfers recognised - capital		2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	30 615	31 730	33 404
	Contributors recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>			<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>1 195</b>	<b>1 484</b>	<b>1 146</b>
	Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	<b>Surplus/(Deficit)</b>	<b>1</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>1 195</b>	<b>1 484</b>	<b>1 146</b>



**MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)****EC-136 Emalahleni (EC) - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)**

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand																
Revenue - Standard																
Governance and administration		10 476	10 476	10 476	10 476	10 476	10 476	10 476	10 476	10 476	10 476	10 476	10 476	125 711	127 010	124 926
Executive and council		512	512	512	512	512	512	512	512	512	512	512	512	6 140	6 422	6 400
Budget and treasury office		9 964	9 964	9 964	9 964	9 964	9 964	9 964	9 964	9 964	9 964	9 964	9 964	119 570	120 587	118 218
Corporate services		0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Community and public safety		141	141	141	141	141	141	141	141	141	141	141	141	1 693	1 738	1 767
Community and social services		111	111	111	111	111	111	111	111	111	111	111	111	1 331	1 353	1 357
Sport and recreation		24	24	24	24	24	24	24	24	24	24	24	24	312	312	334
Public safety		6	6	6	6	6	6	6	6	6	6	6	6	70	74	77
Housing																
Health																
Economic and environmental services		3 019	3 019	3 019	3 019	3 019	3 019	3 019	3 019	3 019	3 019	3 019	3 019	36 227	35 416	37 179
Planning and development		0	0	0	0	0	0	0	0	0	0	0	0	5	5	5
Road transport		3 018	3 018	3 018	3 018	3 018	3 018	3 018	3 018	3 018	3 018	3 018	3 018	36 221	35 411	37 174
Environmental protection																
Trading services		3 197	3 197	3 197	3 197	3 197	3 197	3 197	3 197	3 197	3 197	3 197	3 197	38 360	33 613	40 822
Electricity		2 869	2 869	2 869	2 869	2 869	2 869	2 869	2 869	2 869	2 869	2 869	2 869	34 424	29 384	36 247
Water																
Waste water management																
Waste management		328	328	328	328	328	328	328	328	328	328	328	328	3 936	4 229	4 575
Other		17	17	17	17	17	17	17	17	17	17	17	17	207	217	227
Total Revenue - Standard		16 850	16 850	16 850	16 850	16 850	16 850	16 850	16 850	16 850	16 850	16 850	16 850	202 197	197 993	204 922
Expenditure - Standard																
Governance and administration		6 774	6 774	6 774	6 774	6 774	6 774	6 774	6 774	6 774	6 774	6 774	6 774	81 292	83 859	85 079
Executive and council		2 866	2 866	2 866	2 866	2 866	2 866	2 866	2 866	2 866	2 866	2 866	2 866	34 389	36 040	36 400
Budget and treasury office		2 377	2 377	2 377	2 377	2 377	2 377	2 377	2 377	2 377	2 377	2 377	2 377	28 521	28 555	29 222
Corporate services		1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	18 382	19 265	19 457
Community and public safety		1 699	1 699	1 699	1 699	1 699	1 699	1 699	1 699	1 699	1 699	1 699	1 699	20 387	20 676	20 883
Community and social services		1 213	1 213	1 213	1 213	1 213	1 213	1 213	1 213	1 213	1 213	1 213	1 213	14 557	14 566	14 711
Sport and recreation		96	96	96	96	96	96	96	96	96	96	96	96	1 153	1 209	1 221
Public safety		313	313	313	313	313	313	313	313	313	313	313	313	3 757	3 938	3 977
Housing		77	77	77	77	77	77	77	77	77	77	77	77	920	964	974
Health																
Economic and environmental services		4 180	4 180	4 180	4 180	4 180	4 180	4 180	4 180	4 180	4 180	4 180	4 180	50 161	48 190	48 743
Planning and development		543	543	543	543	543	543	543	543	543	543	543	543	6 514	6 145	6 207
Road transport		3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	3 637	43 647	42 045	42 537
Environmental protection																
Trading services		4 060	4 060	4 060	4 060	4 060	4 060	4 060	4 060	4 060	4 060	4 060	4 060	48 716	43 316	48 599
Electricity		3 452	3 452	3 452	3 452	3 452	3 452	3 452	3 452	3 452	3 452	3 452	3 452	41 419	38 399	41 613
Water																
Waste water management																
Waste management		608	608	608	608	608	608	608	608	608	608	608	608	7 297	6 917	6 996
Other		37	37	37	37	37	37	37	37	37	37	37	37	446	468	472
Total Expenditure - Standard		16 750	16 750	16 750	16 750	16 750	16 750	16 750	16 750	16 750	16 750	16 750	16 750	201 002	196 509	203 777
Surplus/(Deficit) before assoc.		100	100	100	100	100	100	100	100	100	100	100	100	1 195	1 484	1 146
Share of surplus/ (deficit) of associate																
Surplus/(Deficit)	1	100	100	100	100	100	100	100	100	100	100	100	100	1 195	1 484	1 146

**BRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)****EC136 Emalahleni (EC) - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)**

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue by Vote</b>																
Vote 1 - Executive and Council		512	512	512	512	512	512	512	512	512	512	512	512	6 140	6 422	6 708
Vote 2 - Budget and Treasury		9 964	9 964	9 964	9 964	9 964	9 964	9 964	9 964	9 964	9 964	9 964	9 964	119 570	120 587	118 218
Vote 3 - Corporate Services		0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Vote 4 - Community and Social Services		456	456	456	456	456	456	456	456	456	456	456	456	5 474	5 798	6 159
Vote 5 - IPED		0	0	0	0	0	0	0	0	0	0	0	0	5	5	5
Vote 6 - Infrastructure and Human Settlement		5 917	5 917	5 917	5 917	5 917	5 917	5 917	5 917	5 917	5 917	5 917	5 917	71 007	65 180	73 632
Vote 15 -														-	-	-
<b>Total Revenue by Vote</b>		<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>202 197</b>	<b>197 993</b>	<b>204 922</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive and Council		2 866	2 866	2 866	2 866	2 866	2 866	2 866	2 866	2 866	2 866	2 866	2 866	34 389	36 040	36 400
Vote 2 - Budget and Treasury		2 377	2 377	2 377	2 377	2 377	2 377	2 377	2 377	2 377	2 377	2 377	2 377	28 521	28 555	29 222
Vote 3 - Corporate Services		1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	18 382	19 265	19 457
Vote 4 - Community and Social Services		1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	23 453	23 159	23 391
Vote 5 - IPED		543	543	543	543	543	543	543	543	543	543	543	543	6 514	6 145	6 207
Vote 6 - Infrastructure and Human Settlement		7 479	7 479	7 479	7 479	7 479	7 479	7 479	7 479	7 479	7 479	7 479	7 479	89 743	83 345	89 100
Vote 15 -														-	-	-
<b>Total Expenditure by Vote</b>		<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>16 750</b>	<b>201 002</b>	<b>196 509</b>	<b>203 777</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>1 195</b>	<b>1 484</b>	<b>1 146</b>
Taxation																
Attributable to minorities																
Share of surplus/ (deficit) of associate																
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>1 195</b>	<b>1 484</b>	<b>1 146</b>



**MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)****EC136 Emalahleni (EC) - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)**

R thousand	Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
1	<b>Multi-year expenditure to be appropriated</b>																
	Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 4 - Community and Social Services		1 577	1 577	1 577	1 577	1 577	1 577	1 577	1 577	1 577	1 577	1 577	1 577	18 922	-	-
	Vote 5 - IPED		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 6 - Infrastructure and Human Settlement		974	974	974	974	974	974	974	974	974	974	974	974	11 683	28 929	13 046
	Vote 15 -														-	-	-
	<b>Capital multi-year expenditure sub-total</b>	2	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	30 615	28 929	13 046
	<b>Single-year expenditure to be appropriated</b>																
	Vote 1 - Executive and Council		184	184	184	184	184	184	184	184	184	184	184	184	2 210	270	270
	Vote 2 - Budget and Treasury		22	22	22	22	22	22	22	22	22	22	22	22	260	290	290
	Vote 3 - Corporate Services		75	75	75	75	75	75	75	75	75	75	75	75	900	1 240	1 240
	Vote 4 - Community and Social Services		229	229	229	229	229	229	229	229	229	229	229	229	2 750	3 354	1 240
	Vote 5 - IPED		357	357	357	357	357	357	357	357	357	357	357	357	4 280	2 493	1 863
	Vote 6 - Infrastructure and Human Settlement		125	125	125	125	125	125	125	125	125	125	125	125	1 500	140	17 640
	Vote 15 -														-	-	-
	<b>Capital single-year expenditure sub-total</b>	2	992	992	992	992	992	992	992	992	992	992	992	992	11 900	7 787	22 543
	<b>Total Capital Expenditure</b>	2	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	42 515	36 716	35 589

**MBRR SA29 - Budgeted monthly capital expenditure (standard classification)****EC136 Emalahleni (EC) - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)**

R thousand	Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
1	<b>Capital Expenditure - Standard</b>		281	281	281	281	281	281	281	281	281	281	281	281	3 370	1 800	1 800
	<i>Governance and administration</i>		184	184	184	184	184	184	184	184	184	184	184	184	2 210	270	270
	Executive and council		22	22	22	22	22	22	22	22	22	22	22	22	260	290	290
	Budget and treasury office		75	75	75	75	75	75	75	75	75	75	75	75	900	1 240	1 240
	Corporate services		917	917	917	917	917	917	917	917	917	917	917	917	10 999	3 354	1 240
	<i>Community and public safety</i>		615	615	615	615	615	615	615	615	615	615	615	615	7 383	3 354	1 240
	Community and social services		250	250	250	250	250	250	250	250	250	250	250	250	3 000	-	-
	Sport and recreation		51	51	51	51	51	51	51	51	51	51	51	51	616	-	-
	Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<i>Economic and environmental services</i>		1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	17 273	27 062	23 494
	Planning and development		357	357	357	357	357	357	357	357	357	357	357	357	4 280	2 493	1 863
	Road transport		1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	12 993	24 569	21 631
	Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<i>Trading services</i>		906	906	906	906	906	906	906	906	906	906	906	906	10 874	4 500	9 055
	Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	4 500	9 055
	Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste management		906	906	906	906	906	906	906	906	906	906	906	906	10 874	-	-
	<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total Capital Expenditure - Standard</b>	2	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	42 515	36 716	35 589
	<b>Funded by:</b>																
	National Government		2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	30 615	31 730	33 404
	Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Transfers recognised - capital</b>		2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	30 615	31 730	33 404
	<b>Public contributions &amp; donations</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Internally generated funds</b>		992	992	992	992	992	992	992	992	992	992	992	992	11 900	4 986	2 185
	<b>Total Capital Funding</b>		3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	42 515	36 716	35 589



## MBRR SA30 - Budgeted monthly cash

EC136 Emalahleni (EC) - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS													Budget Year 2015/16						Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18						
<b>Cash Receipts By Source</b>													1								
Property rates	238	238	238	238	238	238	238	238	238	238	238	238	2 851	3 056	3 325						
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Service charges - electricity revenue	1 124	1 124	1 124	1 124	1 124	1 124	1 124	1 124	1 124	1 124	1 124	3 895	16 255	14 897	16 861						
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Service charges - refuse revenue	211	211	211	211	211	211	211	211	211	211	211	211	2 533	2 728	2 969						
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Rental of facilities and equipment	53	53	53	53	53	53	53	53	53	53	53	53	633	660	675						
Interest earned - external investments	182	182	182	182	182	182	182	182	182	182	182	182	2 186	2 271	2 271						
Interest earned - outstanding debtors	223	223	223	223	223	223	223	223	223	223	223	223	2 681	2 868	3 066						
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Fines	10	10	10	10	10	10	10	10	10	10	10	10	119	123	123						
Licences and permits	128	128	128	128	128	128	128	128	128	128	128	128	1 532	542	542						
Agency services	112	112	112	112	112	112	112	112	112	112	112	112	1 345	1 345	1 345						
Transfer receipts - operational	11 979	11 979	11 979	11 979	11 979	11 979	11 979	11 979	11 979	11 979	11 979	11 979	143 753	137 726	140 390						
Other revenue	39	39	39	39	39	39	39	39	39	39	39	39	467	488	498						
<b>Cash Receipts by Source</b>	<b>14 298</b>	<b>14 298</b>	<b>14 298</b>	<b>14 298</b>	<b>14 298</b>	<b>14 298</b>	<b>14 298</b>	<b>14 298</b>	<b>14 298</b>	<b>14 298</b>	<b>14 298</b>	<b>17 070</b>	<b>174 354</b>	<b>166 714</b>	<b>172 065</b>						
<b>Other Cash Flows by Source</b>																					
Transfer receipts - capital	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	2 551	30 615	31 730	33 404						
Contributions recognised - capital & Contributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Decrease (increase) in non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Decrease (increase) other non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
<b>Total Cash Receipts by Source</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>16 850</b>	<b>19 622</b>	<b>204 969</b>	<b>198 444</b>	<b>205 468</b>						
<b>Cash Payments by Type</b>																					
Employer related costs	4 934	4 934	4 934	4 934	4 934	4 934	4 934	4 934	4 934	4 934	4 934	4 934	59 207	62 048	62 669						
Remuneration of councillors	895	895	895	895	895	895	895	895	895	895	895	895	10 739	11 255	11 367						
Finance charges	61	61	61	61	61	61	61	61	61	61	61	61	730	821	829						
Bulk purchases - Electricity	1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	1 503	18 040	18 906	19 095						
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Contracted services	361	361	361	361	361	361	361	361	361	361	361	361	4 327	4 535	4 590						
Transfers and grants - other municipalities	2 366	2 366	2 366	2 366	2 366	2 366	2 366	2 366	2 366	2 366	2 366	2 366	28 390	19 661	25 161						
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Other expenditure	4 481	4 481	4 481	4 481	4 481	4 481	4 481	4 481	4 481	4 481	4 481	4 481	53 767	52 242	52 764						
<b>Cash Payments by Type</b>	<b>14 600</b>	<b>14 600</b>	<b>14 600</b>	<b>14 600</b>	<b>14 600</b>	<b>14 600</b>	<b>14 600</b>	<b>14 600</b>	<b>14 600</b>	<b>14 600</b>	<b>14 600</b>	<b>14 600</b>	<b>175 199</b>	<b>169 468</b>	<b>176 465</b>						
<b>Other Cash Flows/Payments by Type</b>																					
Capital assets	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	3 543	42 515	36 716	35 569						
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	5	6	6						
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
<b>Total Cash Payments by Type</b>	<b>18 143</b>	<b>18 143</b>	<b>18 143</b>	<b>18 143</b>	<b>18 143</b>	<b>18 143</b>	<b>18 143</b>	<b>18 143</b>	<b>18 143</b>	<b>18 143</b>	<b>18 143</b>	<b>18 148</b>	<b>217 720</b>	<b>206 190</b>	<b>212 060</b>						
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(1 293)</b>	<b>(1 293)</b>	<b>(1 293)</b>	<b>(1 293)</b>	<b>(1 293)</b>	<b>(1 293)</b>	<b>(1 293)</b>	<b>(1 293)</b>	<b>(1 293)</b>	<b>(1 293)</b>	<b>(1 293)</b>	<b>1 473</b>	<b>(12 752)</b>	<b>(7 746)</b>	<b>(6 591)</b>						
Cash/cash equivalents at the monthly/year begin:	33 908	32 615	31 321	30 028	28 735	27 442	26 149	24 856	23 562	22 269	20 976	19 683	33 908	21 156	13 410						
Cash/cash equivalents at the monthly/year end:	32 615	31 321	30 028	28 735	27 442	26 149	24 856	23 562	22 269	20 976	19 683	21 156	21 156	13 410	6 819						

Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **1.17 Capital expenditure details**

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

### **SA36 - Detailed capital budget per municipal vote**



EC136 Email: heni (EC) - Supporting Table SA36 Detailed capital budget

[illegible]

## 1.18 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed six interns undergoing training in various divisions of the Financial Services Department. Of the six interns three has been appointed permanently from 01 December 2014 respectively. In the remaining three two contracts will come to an end during August 2015.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015/16 MTREF in May 2015 directly aligned and informed by the 2015/16 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies  
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.



BRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

EC136 Emalahleni (EC) - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive and Council	Vote 2 - Budget and Treasury	Vote 3 - Corporate Services	Vote 4 - Community and Social Services	Vote 5 - IPED	Vote 6 - Infrastructure and Human Capital	Total
<b>R thousand</b>	<b>1</b>							
<b>Revenue By Source</b>								
Property rates		-	2 851	-	-	-	-	2 851
Property rates - penalties & collection charges		-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	13 483	13 483
Service charges - water revenue		-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	2 533	-	-	2 533
Service charges - other		-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	610	-	22	633
Interest earned - external investments		-	2 186	-	-	-	-	2 186
Interest earned - outstanding debtors		-	1 092	-	1 438	-	151	2 681
Dividends received		-	-	-	-	-	-	-
Fines		(0)	-	-	-	-	119	119
Licences and permits		-	-	-	3	1	1 528	1 532
Agency services		-	66	-	-	-	1 279	1 345
Other revenue		-	173	1	90	5	199	467
Transfers recognised - operational		6 140	113 202	-	800	-	23 611	143 753
Gains on disposal of PPE		-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>6 140</b>	<b>119 570</b>	<b>1</b>	<b>5 474</b>	<b>5</b>	<b>40 392</b>	<b>171 582</b>
<b>Expenditure By Type</b>								
Employee related costs		10 378	9 927	9 464	14 153	4 530	10 755	59 207
Remuneration of councillors		10 739	-	-	-	-	-	10 739
Debt impairment		-	1 300	-	-	-	-	1 300
Depreciation & asset impairment		73	541	282	1 247	32	22 328	24 503
Finance charges		-	450	150	130	-	-	730
Bulk purchases		-	-	-	-	-	18 040	18 040
Other materials		-	-	-	-	-	-	-
Contracted services		-	4 192	135	-	-	-	4 327
Transfers and grants		-	4 105	23	-	650	23 611	28 390
Other expenditure		13 199	8 006	8 328	7 924	1 302	15 010	53 767
Loss on disposal of PPE		-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>34 389</b>	<b>28 521</b>	<b>18 382</b>	<b>23 453</b>	<b>6 514</b>	<b>89 743</b>	<b>201 002</b>
<b>Surplus/(Deficit)</b>		<b>(28 249)</b>	<b>91 049</b>	<b>(18 382)</b>	<b>(17 979)</b>	<b>(6 509)</b>	<b>(49 350)</b>	<b>(29 420)</b>
Transfers recognised - capital		-	-	-	-	-	30 615	30 615
Contributions recognised - capital		-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(28 249)</b>	<b>91 049</b>	<b>(18 382)</b>	<b>(17 979)</b>	<b>(6 509)</b>	<b>(18 736)</b>	<b>1 195</b>

## MBRR Table SA3 – Supporting detail to Statement of Financial Position

EC136 Emalahleni (EC) - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
<b>ASSETS</b>											
<b>Call investment deposits</b>											
Call deposits < 90 days		29 917	-	-	14 000	20 579	14 000	20 579	20 579	12 000	4 500
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
<b>Total Call investment deposits</b>	2	29 917	-	-	14 000	20 579	14 000	20 579	20 579	12 000	4 500
<b>Consumer debtors</b>											
Consumer debtors		77 077	90 778	113 048	100 384	95 384	100 384	43 353	85 384	86 384	87 384
Less: Provision for debt impairment		(71 380)	(80 419)	(102 369)	(86 827)	(84 647)	(86 827)	(123 202)	(79 947)	(81 309)	(82 685)
<b>Total Consumer debtors</b>	2	5 697	10 360	10 679	13 557	10 737	13 557	(79 849)	5 437	5 074	4 698
<b>Debt impairment provision</b>											
Balance at the beginning of the year		(22 340)	-	-	(83 576)	(83 576)	(83 576)	(83 576)	(78 647)	(79 947)	(81 309)
Contributions to the provision		(49 040)	(80 419)	(102 369)	(3 251)	(1 071)	(3 251)	(39 626)	(1 300)	(1 362)	(1 376)
Bad debts written off		-	-	-	-	-	-	-	-	-	-
<b>Balance at end of year</b>		(71 380)	(80 419)	(102 369)	(86 827)	(84 647)	(86 827)	(123 202)	(79 947)	(81 309)	(82 685)
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (ex cl. finance leases)		442 528	518 180	550 817	529 202	579 064	529 202	555 876	621 579	658 295	693 884
Leases recognised as PPE		-	1 014	808	167	-	167	730	-	-	-
Less: Accumulated depreciation		74 692	99 127	128 550	109 479	140 086	109 479	147 649	164 415	189 912	215 663
<b>Total Property, plant and equipment (PPE)</b>	2	367 837	420 067	422 875	419 890	438 977	419 890	408 958	457 164	468 383	478 221
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>											
Short term loans (other than bank overdraft)		-	-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities		293	-	-	-	-	-	-	-	-	-
<b>Total Current liabilities - Borrowing</b>		293	-	-	-	-	-	-	-	-	-
<b>Trade and other payables</b>											
Trade and other creditors		7 392	4 516	14 869	9 316	9 316	9 316	4 011	9 875	10 468	11 096
Unspent conditional transfers		5 138	7 225	1 767	-	-	-	15 937	-	-	-
VAT		(3 163)	(2 175)	(2 522)	-	-	-	(10 190)	-	-	-
<b>Total Trade and other payables</b>	2	9 367	9 567	14 113	9 316	9 316	9 316	9 758	9 875	10 468	11 096
<b>Non current liabilities - Borrowing</b>											
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Finance leases (including PPP asset element)		1 105	852	546	657	546	657	171	551	557	563
<b>Total Non current liabilities - Borrowing</b>		1 105	852	546	657	546	657	171	551	557	563
<b>Provisions - non-current</b>											
Retirement benefits		3 519	4 841	6 674	6 660	6 660	6 660	6 585	7 220	7 807	8 400
List other major provision items		-	-	-	-	-	-	-	-	-	-
Refuse landfill site rehabilitation		2 708	2 624	2 768	7 024	2 119	7 024	2 768	2 225	2 337	2 453
Other		-	-	-	-	-	-	-	-	-	-
<b>Total Provisions - non-current</b>		6 227	7 465	9 442	13 684	8 780	13 684	9 353	9 446	10 144	10 853
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>											
Accumulated Surplus/(Deficit) - opening balance		484 762	472 454	475 112	446 323	469 919	446 323	468 241	469 919	471 114	472 598
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		484 762	472 454	475 112	446 323	469 919	446 323	468 241	469 919	471 114	472 598
Surplus/(Deficit)		(60 097)	2 658	(5 329)	4	136	4	14 481	1 195	1 484	1 146
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-	-	-	-	-
<b>Accumulated Surplus/(Deficit)</b>	1	424 665	475 112	469 783	446 327	469 919	446 327	482 732	471 114	472 598	473 744
<b>Reserves</b>											
Housing Development Fund		-	-	-	-	-	-	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-
<b>Total Reserves</b>	2	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	424 665	475 112	469 783	446 327	469 919	446 327	482 732	471 114	472 598	473 744



**MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

EC136 Emalahleni (EC) - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population			122		119	119	119	119	119	119	119	119
Females aged 5 - 14			19		13	13	13	13	13	13	13	13
Males aged 5 - 14			19		14	14	14	14	14	14	14	14
Females aged 15 - 34			19		14	14	14	14	14	14	14	14
Males aged 15 - 34			18		18	18	18	18	18	18	18	18
Unemployment			21		18	18	18	18	18	18	18	18
<b>Monthly household income (no. of households)</b>	1, 12											
No income			4136		4804	4 804	4 804	4 804	4 804	4 804	4 804	4 804
R1 - R1 600			12547		14919	14 919	14 919	14 919	14 919	14 919	14 919	14 919
R1 601 - R3 200			6746		7635	7 635	7 635	7 635	7 635	7 635	7 635	7 635
R3 201 - R6 400			1972		2290	2 290	2 290	2 290	2 290	2 290	2 290	2 290
R6 401 - R12 800			639		974	974	974	974	974	974	974	974
R12 801 - R25 600			470		545	545	545	545	545	545	545	545
R25 601 - R51 200			199		232	232	232	232	232	232	232	232
R51 201 - R102 400			35		41	41	41	41	41	41	41	41
R102 401 - R204 800			16		18	18	18	18	18	18	18	18
R204 801 - R409 600			20		23	23	23	23	23	23	23	23
R409 601 - R819 200			-		-	-	-	-	-	-	-	-
> R819 200			-		-	-	-	-	-	-	-	-
<b>Poverty profiles (no. of households)</b>												
< R2 000 per household per month	13		23729		27557	27557	27557	27557	27557	27557	27557	27557
Insert description	2											
<b>Household/demographics (000)</b>												
Number of people in municipal area			121 822		119 480	119	119	119	119	119	119	119
Number of poor people in municipal area			63 204		63 680	64	64	64	64	64	64	64
Number of households in municipal area			27 280		31 681	32	32	32	32	32	32	32
Number of poor households in municipal area			23 729		27 557	28	28	28	28	28	28	28
Definition of poor household (R per month)			3 200		3 200	3 200	3 200	3 200	3 200	3 200	3 200	3 200
<b>Housing statistics</b>												
Formal	3		14 804		14 804	450	450	450	450	450	450	450
Informal			17 777		17 777	144	144	144	144	144	144	144
Total number of households			32 581		32 581	594	594	594	594	594	594	594
Dwellings provided by municipality	4											
Dwellings provided by provinces												
Dwellings provided by private sector	5											
Total new housing dwellings			-		-	-	-	-	-	-	-	-
<b>Economic</b>												
Inflation/inflation outlook (CPI)	6											
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
<b>Collection rates</b>												
Property tax/service charges	7											
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

May 2015





### 1.19 Municipal Manager's quality certificate

I S W Vatala, Municipal Manager of Emalahleni Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name    S W VATALA

Municipal Manager of Emalahleni Municipality

Signature

A handwritten signature in black ink is written over a horizontal dotted line. The signature is stylized and appears to be 'S W Vatala'.

Date            28 May 2015